



# ***Daily Report***

## **East Asia**

**FBIS-EAS-94-158  
Tuesday  
16 August 1994**

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# Daily Report

## East Asia

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### CONTENTS

16 August 1994

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#### NORTHEAST ASIA

##### Japan

Reports on Boat Seized by Russian Coast Guard .....	1
Maritime Agency Identifies Boat [KYODO] .....	1
Russia Dismisses Protests [KYODO] .....	1
Trade Talks With U.S. To Resume 7 Sep [KYODO] .....	2
Tokyo To Continue 'To Shoulder' Cost of USFJ [NIHON KEIZAI SHIMBUN 16 Aug] .....	2
Okinawa To Study Hazard of U.S. Aircraft [OKINAWA TIMES 15 Aug] .....	2
Patent Harmonization 'Hammered Out' With U.S. [KYODO] .....	3
LDP Executive, Qian Qichen Discuss DPRK [KYODO] .....	3
Differences Over Spratlys in Vietnam Talks Cited [KYODO] .....	4
Scholarships Set Up for Vietnam Students [KYODO] .....	4
Malaysian Prime Minister on Murayama Visit [KYODO] .....	4
Self-Defense Forces To Assist Rwanda .....	5
SDF To Aid Bordering Countries [KYODO] .....	5
Murayama Comments [KYODO] .....	5
Reaction to Minister Sakurai's WW II Remarks .....	5
Murayama Comments [KYODO] .....	5
Envoy: Remark 'Regrettable' [KYODO] .....	6
Ministry: Returnees From China Self-Reliant [KYODO] .....	6
Suspect Seeks To Avoid Extradition to U.S. [KYODO] .....	7
* Ozawa Bashing, Political Reform Debated [SEIRON Aug] .....	7
* Sadao Hirano, Ozawa's Close Aide, Featured [SEKAI Jul] .....	13
* Report Recommends Revision of Amakudari System [SEKAI Jul] .....	16
'Increasing Number' Favor Private Life Over Work [KYODO] .....	23
One of 5 Firms Freeze, Cut Starting Salaries [KYODO] .....	23
Production at Plants Reduced by Drought [KYODO] .....	23
Quota Threat Concerns PRC Textile Industry [KYODO] .....	24
Institutional Investors Avoid U.S. Bond Auction [NIHON KEIZAI SHIMBUN 10 Aug] .....	25
Ex-Im Bank To Increase World Bank Cofinancing [KYODO] .....	25
World Bank Floats Bonds to Japanese Investors [NIKKEI KINYU SHIMBUN 12 Aug] .....	26
Shift From Weak Dollar to Weak Yen Viewed [NIKKEI BUSINESS 8 Aug] .....	26
Editorial Urges End to Price Cartels [ASAHI SHIMBUN 5 Aug] .....	27
Editorial Urges Financial Market Reform [YOMIURI SHIMBUN 12 Aug] .....	27
FTC To Deregulate Rules on Venture Capital [KYODO] .....	28
KDD, NTT To Form Corporate Telecom Service [KYODO] .....	29
NEC Wins TELMEX Contract [NIKKEI SANGYO SHIMBUN 10 Aug] .....	29
New PHS Joint Venture To Start Up in Fall [NIHON KEIZAI SHIMBUN 9 Aug] .....	29
Police Concerned About Telephone Hackers [NIHON KEIZAI SHIMBUN 5 Aug] .....	30

##### North Korea

Reportage on Outcome of Geneva Talks Continues .....	30
Delegation Head on Joint Statement [Pyongyang Radio] .....	30
Text of DPRK-U.S. Agreement [KCNA] .....	32
Kang Sok-chu Interviewed 13 Aug [YOMIURI SHIMBUN 14 Aug] .....	32
U.S. 9 Aug Nocturnal Aerial Exercise Denounced [KCNA] .....	33
'Emergency Mobilization' Preparation [Pyongyang Radio] .....	33
ROK's DP Criticizes 'Security-Oriented' Rule [KCNA] .....	33
Repeal of ROK National Security Law Urged [KCNA] .....	34



'Ruling Bunch Remains Obstinate' [Pyongyang Radio]	34
ROK 'Puppets' Commit Military Provocation [KCNA]	35
ROK 'Resolution' on North's Human Rights Viewed [KCNA]	35
ROK Minister's Reunification Comments Denounced [KCNA]	36
ROK Blamed for Failed Youth's General Meeting [KCNA]	37
Ko Sang-mun's 15 Aug News Conference Reported [KCNA]	37
ROK Defector Explains Reasons for Action [KCNA]	38
CPRF Denounces Kim Yong-sam Government Moves [KCNA]	38
Literature on Kim Il-song Scattered in ROK [KCNA]	39
Further Commentaries on Pannational Rallies	39
ROK Detains Rally Supporters [KCNA]	39
Paek In-chun Gives 'Report' [Pyongyang Radio]	39
Participants Meet Prisoner's Family [KCNA]	44
Japan Accused of 'Blood-Stained History' [KCNA]	45
Secretary Hwang Chang-yop Meets Japanese Guests [KCNA]	45
Ministry Hosts Birthday Banquet for Castro [KCNA]	45
Greetings Sent to Chilean Communist Party [KCNA]	46
'March for Reunification' Held in Pyongyang [KCNA]	46
Symposium on Reunification Held in Pyongyang [Pyongyang Radio]	46
Book on Kim Chong-il Published in Peru [KCNA]	47
Kim Chong-il Offers Thanks for World Condolences [KCNA]	47
WPK Replies to Foreign Leaders' Condolences [KCNA]	47
More WPK Replies to Condolences [KCNA]	48

## South Korea

Papers Review U.S.-DPRK Talks, Agreement [CHOSON ILBO 13 Aug, etc.]	48
'Unconditional' Inter-Korean Talks Proposed [YONHAP]	49
South Reactor Model Said DPRK's 'Set Choice' [YONHAP]	49
U.S. Senate Approves Limiting Aid to DPRK [YONHAP]	50
Seoul To Maintain DPRK Policy on Nuclear Issue [YONHAP]	50
Further Reportage on Pannational Rally	51
5,000 Students Demonstrate [Seoul TV]	51
2,394 Said Arrested Since 1 Aug [YONHAP]	51
Eight More DPRK Loggers Seek Asylum in Seoul [YONHAP]	51
Preparations for Korean Fighter Project Smooth [CHUNGANG ILBO 13 Aug]	51
DPRK Defectors' News Conference Reviewed [SISA JOURNAL 11 Aug]	52
Seoul, UK Sign Maritime Transport Agreement [THE KOREA HERALD 12 Aug]	57
PRC Government's Support for Kim Chong-il [Seoul Radio]	57
Reports on Kim Il-song's Heart Attack [YONHAP]	57
Hyundai Heavy Industries To End Lockout [YONHAP]	57
Strike To Force Hyundai To Fire Workers [YONHAP]	58
Daewoo Chairman Questioned by Prosecution [YONHAP]	58
Iljin Diamond To Purchase GE Technology [THE KOREA HERALD 13 Aug]	58
Technological Infrastructure To Include R&D Labs [THE KOREA HERALD 13 Aug]	59
Government To Build 'Free City' [CHOSON ILBO 13 Aug]	59
Daily Analyzes Rivalry Within Democratic Party [THE KOREA TIMES 13 Aug]	59
Sales of Imported Cars Increases [THE KOREA HERALD 13 Aug]	60
Economist: Central Bank Must Overhaul System [THE KOREA HERALD 13 Aug]	61
Typhoon Ellie Expected To Inflict 'Much Damage' [YONHAP]	61

## SOUTHEAST ASIA

### Brunei, Malaysia & Singapore

#### Malaysia

Mahathir Comments on Bosnia Peacekeeping [Kuala Lumpur International]	63
Need for ASEAN Shipping Policy Cited [Kuala Lumpur International]	63
Editorial Supports Ban on al-Arqam Movement [BERITA HARIAN 6 Aug]	63
Malaysian Minister Calls for Enhanced Ties [Singapore Radio]	64



Environmental Agreement Signed With Canada	[BUSINESS TIMES 13-14 Aug]	64
--	----------------------------	----

## Cambodia

Continued Reportage on Khmer Rouge Issue		65
Khmer Rouge 'Strategy'	[CAMBODIA DAILY 5-7 Aug]	65
Radio Assails Vietnam	[Radio PGNUNS]	66
Khmer Rouge Sets Conditions	[Radio PGNUNS]	66
Seven Militia Reportedly Dead	[AFP]	67
Communique Views Phnom Penh Troop Conscription	[Radio PGNUNS]	67
KR: End Foreign Military Aid to Government	[Melbourne International]	68
Seminar Participants Given Army Building Tips	[Phnom Penh Radio]	69
Ranariddh, Hun Sen Chair Cabinet Meeting	[Phnom Penh Radio]	70
Planning Minister, IMF Official Discuss Loan	[Phnom Penh Radio]	70
Radio Carries Investment Law	[Phnom Penh Radio]	70

## Indonesia

Ulemas Council Urges Ban on al-Arqam	[Jakarta Radio]	72
Daily Views Need for Peaceful Southeast Asia	[MERDEKA 27 Jul]	72
Police Question Labor Leader Over Rioting	[Jakarta Radio]	73
Fraud Suspect Sentenced to 17 Years in Jail	[KYODO]	73
Minister Cites Growing Foreign Investment	[Jakarta Radio]	74
Causes Behind Environmental Destruction Viewed	[MERDEKA 12 Jul]	74

## Laos

President, Delegation Leave for Vietnam	[Vientiane Radio]	75
VNA Delegation Arrives for 8-Day Visit	[VNA]	75
Talks at Culture Ministry	[Vientiane Radio]	75
Official Leaves for Visits to India, Israel	[Vientiane Radio]	75
Border Ratification Notes Exchanged With PRC	[Vientiane Radio]	76

## Thailand

Official Wants Lao Refugees To Return	[Bangkok Radio]	76
Army 'Spat' With Australia Case of Hurt Pride	[THE NATION 18 Aug]	76
Army Chief's Decision on Rifle Deal Supported	[KRUNGTHEP THURAKIT 15 Aug]	77
Government Stance on al-Arqam Praised	[BANGKOK POST 14 Aug]	78
Clause To Reassure Foreigners on Business Law	[BANGKOK POST 13 Aug]	79
Suphachai: Adjustment Fund Faces Resistance	[BANGKOK POST 13 Aug]	79
Fund To Help Stop Drug Abuse in South	[THE NATION 15 Aug]	79
* Senior Academic on Political Development	[SIAM RAT 11 Jun]	80

## Vietnam

Friendship Organizations Support Cuban People	[VNA]	82
Further on Arrival, Activities of Lao President	[VNA]	82
Talks With Le Duc Anh	[VNA]	82
Chinese Journalists Visit 6-15 Aug	[VNA]	83
Germany Writes Off Part of Debt	[VNA]	83
Two More Oilfields To Begin Production	[VNA]	83
Phan Van Khai Visits Minh Hai Province	[Hanoi Radio]	83
Buddhist Protest Reportedly Held	[AFP]	84
* 'Peaceful Evolution Plot' Cited as Danger	[TAP CHI QUOC PHONG TOAN DAN Jun]	84
State Enterprises' Performances Reviewed	[Hanoi Radio]	87
Energy Ministry To Seek Loans	[VNA]	87



AUSTRALASIA

Fiji

Prime Minister Rabuka Reshuffles Cabinet [AFP] ..... 88

Papua New Guinea

Troops Attack Rebels To Retake Copper Mine [Melbourne International] ..... 88

## Japan

### Reports on Boat Seized by Russian Coast Guard

#### Maritime Agency Identifies Boat

OW1608062194 Tokyo KYODO in English 0548 GMT  
16 Aug 94

[Text] Kushiro, Japan, Aug. 16 KYODO—A Japanese boat seized by Russian Coast Guards Monday [15 August] was probably the 4.9-ton crab boat Kiei Maru No. 38 affiliated with a fishing cooperative in Nemuro on the northernmost main island of Hokkaido, Maritime Safety Agency officials said Tuesday.

Officials at the Nemuro Fishing Cooperative said a check of its members indicates only the Kiei Maru No. 38 has failed to return to port from waters off the Habomai group of islets off eastern Hokkaido.

The boat is skippered by Koichi Ikeura, 31, of Nemuro. Of the three other crew, one man reportedly injured in the incident was Norikazu Nakoshi, 25, also from Nemuro. The other two crew members were Takayoshi Ishida, 21, from Nemuro, and Koji Sakai, 17, of Sapporo, the cooperative officials said.

ITAR-TASS NEWS AGENCY reported Monday that a Russian Coast Guard ship shot at a Japanese fishing boat in waters near one of four Russian-held islands off Hokkaido, injuring some Japanese fishermen.

Two Japanese fishing boats were spotted in waters near one of the territorially disputed islands, the news agency said.

It said the two boats did not have identification marks and tried to escape in the direction of Hokkaido when they were spotted.

After the two boats ignored warning shots, the Russian ship opened fire, hitting one of the boats, the report said. The damaged fishing boat was detained, while the other fled, it said.

The Habomais, once Japanese territory, were seized by the former Soviet Union at the end of World War II along with three other islands.

#### Russia Dismisses Protests

OW1608130894 Tokyo KYODO in English 1248 GMT  
16 Aug 94

[Text] Moscow, Aug. 16 KYODO—Russia on Tuesday dismissed Japan's protest over the seizure of a Japanese fishing boat and its four-member crew Monday for alleged poaching in Russian territorial waters.

Japanese ambassador to Russia Koji Watanabe lodged a strong protest with the Russian Foreign Ministry, deploring the fact that one of the crew was injured in the seizure operation and urging the immediate release of the detained fishermen.

But Russian Vice Foreign Minister Aleksandr Panov responded that Moscow "cannot accept the protest, since the scene of the incident was in Russian territorial waters."

He confirmed that the men have been taken to the island of Shikotan, where they are being questioned by coast guard officials.

He said the injured man, who suffered a gunshot wound in his right back, is in "satisfactory condition" after undergoing emergency surgery.

A spokesman for the Russian Coast Guard told KYODO NEWS SERVICE that the seized boat is the 4.9-ton crab-fishing boat Kiei Maru No. 38, affiliated with a fishing cooperative in Nemuro on the northernmost main island of Hokkaido.

The spokesman also confirmed that the injured crew member is Norikazu Nakoshi, 25, from Nemuro and that he has had an operation.

Russia's ITAR-TASS NEWS AGENCY reported that doctors removed splinters of a bullet that entered Nakoshi's back and that his condition is "not bad."

The Kiei Maru is skippered by Koichi Ikeura, 31, of Nemuro. The other two crew members were Takayoshi Ishida, 21, and Koji Sakai, 17, both from Nemuro, according to officials at the Nemuro fishing cooperative.

ITAR-TASS reported Monday that a Russian Coast Guard ship shot at a Japanese fishing boat in waters near one of four Russian-held, Japanese-claimed islands off Hokkaido, injuring some Japanese fishermen.

Two Japanese fishing boats were spotted in waters near the Habomai group of islets, the news agency said. The Habomais, once Japanese territory, were seized by the former Soviet Union at the end of World War II along with the three other islands.

The Russian report said the two boats did not have identification marks and tried to escape in the direction of Hokkaido when they were spotted.

After the two boats ignored warning shots, the Russian ship opened fire, hitting one of them, the report said. The damaged fishing boat was detained, while the other fled, it said.

Russian INTERFAX NEWS AGENCY reported Tuesday that the vessel that escaped was likely hit by the warning shots, too.

ITAR-TASS said that Russian coast guards released a statement Tuesday warning Japanese fishing boats not to operate within its territory.

Japanese fishing boats are engaging in provocative action by entering Russian territorial waters in front of patrol boats from the Japanese Maritime Safety Agency, the Russian statement said.



The statement warned that Russian guards will take every possible measure to protect Russian territory, ITAR-TASS said.

### Trade Talks With U.S. To Resume 7 Sep

*OW1608110694 Tokyo KYODO in English 1034 GMT 16 Aug 94*

[Text] Tokyo, Aug. 16 KYODO—Vice ministerial talks on the Japan-U.S. trade "framework" negotiations will be resumed around Sept. 7 to discuss procurement of telecommunications and medical equipment by the Japanese Government, a senior Foreign Ministry official said Tuesday [16 August].

Deputy Foreign Minister for Economic Affairs Sadayuki Hayashi will visit deputy U.S. Trade Representative Charlene Barshefsky in Washington, the official said on condition of anonymity.

The United States has already begun taking steps to impose sanctions against Japan. Retaliatory measures under the "Super 301" provision of the 1988 Trade Law could be implemented if no agreement is reached by the end of September.

The Japanese delegation will seek to narrow the differences over the definition of "objective criteria" to gauge progress in market access, the official said.

The vice ministerial meeting will be held in advance of a ministerial meeting also slated for next month.

Japanese Foreign Minister Yohei Kono and Ryutaro Hashimoto, minister of international trade and industry, are planning to meet U.S. Trade representative Mickey Kantor when they gather in Los Angeles to attend a trade conference that starts on Sept. 9.

Ministers from Japan, the U.S., the European Union and Canada will convene in L.A. for the three-day meeting.

### Tokyo To Continue 'To Shoulder' Cost of USFJ

*OW1608082894 Tokyo NIHON KEIZAI SHIMBUN in Japanese 16 Aug 94 Morning Edition p 2*

[Text] The view is surfacing within the government of studying the possibility of cutting back on Japan's share of the cost of maintaining the U.S. Forces Japan [USFJ] after the government decided to put a cap on the growth in the defense budget request for fiscal year 1995. A top Foreign Ministry official disclosed on 15 August that Prime Minister Tomiichi Murayama and Foreign Minister Yohei Kono have shared the view that Japan needs to shoulder the cost of maintaining the USFJ as Japan has promised the United States. The top Foreign Ministry official also stressed that for Japan-U.S. security arrangements to be operated smoothly, Japan needs to shoulder the cost of maintaining the USFJ.

### Okinawa To Study Hazard of U.S. Aircraft

*OW1508142994 Naha OKINAWA TIMES in Japanese 15 Aug 94 Morning Edition p 1*

[Text] The Okinawa Prefectural Office will carry out a survey of the impact of noise from U.S. Armed Forces

aircraft has on the local residents. The prefectural office recently set up "the Committee for Investigating Impact of Aircraft Noise on Health" (chairman: Kenko Taira, deputy director of the Environment and Health Department [EHD]) within the EHD. The committee members, including doctors from prefectural hospitals, have already started working out a framework for the survey. The EHD plans to set up a working team composed of medical specialists and researchers from the committee to make a scientific analysis of noise pollution. The EHD also plans to collect data concerning noise pollution from foreign nations. This is the first time the prefectural office has carried out a full-scale survey of noise pollution. Committee Chairman Taira says "we would like to carry out a vigilant survey as the administration is responsible for protecting the residents from harm resulting from the existence of military bases." Since there are few similar surveys in Japan, attention is riveted to the coming survey as collecting theoretical data that could help settle military base-related issues.

The investigation committee held its first meeting on 5 August, thus launching the project. According to the EHD, the committee will first proceed with preparatory work for 1) collecting data from nations or regions that are ahead in the field of noise surveys; 2) selecting areas where the survey will be conducted; and 3) understanding the living environment of local residents and how they are harmed by noise pollution, thus working out the survey's methods.

After that, a working team of doctors specializing in ear, nose, and throat, children's diseases, and mental diseases and researchers will be organized to decide on the survey's details. The committee will also study when and how long the survey should be conducted, to what extent areas surrounding both the Kadena and Futenma bases—local residents living near those bases complain of harm—should be surveyed, and how to conduct free medical checkups.

Committee Chairman Taira says: "Despite the fact that the local people have been suffering from military base-related issues for 50 years, there have been few factual surveys. I hope that the survey will produce objective and logical results that can bear nationwide criticism."

Last February, a group of 908 plaintiffs, who had filed a suit in connection with noise pollution at Kadena Air Base, asked Governor Ota to carry out an epidemiological survey of noise pollution after the first trial, wherein a court ruled that making noise is illegal. Governor Ota willingly accepted the request. According to a questionnaire filled out by the plaintiffs (887 responded) in 1982, when the plaintiffs filed the lawsuit, 30 percent of the respondents said they had ringing in their ears; 27.9 percent complained of headaches; 25.6 percent complained of fatigue; 20.6 percent said they felt stiff in their shoulders; 20.1 percent said they had difficulty in hearing; and 17 percent complained of insomnia.



**Patent Harmonization 'Hammered Out' With U.S.**  
*OW1608110994 Tokyo KYODO in English 1022 GMT  
16 Aug 94*

[Text] Tokyo, Aug. 16 KYODO—Japan and the United States have hammered out a set of measures on harmonization of patent rules, an official at Japan's Patent Office said Tuesday.

The question of how to harmonize patent rules between the two countries has been studied since last October as part of discussions on protection of intellectual property rights, a topic in the bilateral trade "framework" talks.

Under the latest accord, to be signed later in the day in Washington, the U.S. agreed to introduce a rule that requires disclosure of patent contents 18 months after a patent application.

The step would be effective in eliminating so-called "submarine" patents when used along with the earlier agreed rule on patent life, said the official.

In January this year, Washington agreed to revise the life of patents to 20 years after the first application, meaning a maximum life of a certain patent is 20 years.

Previously, patents were valid for 17 years after being granted. Some patents were granted for 40 years after the first application under this system, making their virtual life 57 years.

In submarine patents, the inventor remains unknown to the public for a long time before suddenly obtaining patents and the right to demand royalties.

The disclosure rule will be enforced by the end of 1995, the official said.

Under the latest harmonization package, Japan for its part accepted a U.S.-sought system in which an objection to a particular patent can be filed only after the patent is granted instead of accepting an objection before patent issuance.

This step, intended to quicken patent issuance, will also be introduced by the end of 1995, the official said.

The patent systems in Japan and the U.S. have been said to be the farthest apart despite the close relationship in trade and other economic matters.

Tokyo also agreed to speed up the patent examination process for U.S. applications filed not only in Japan but outside the country.

Other Japanese compromises include a reduction in the role of the patent office in judging whether or not the use of the original patent for new product development should be allowed.

Such a judgment should basically be left up to the parties concerned, said the official at the Patent Office, a unit of the Ministry of International Trade and Industry.

The latest accord does not contain a resolution over a patent-awarding rule in the United States, a long-pending issue between the U.S. and other countries.

The U.S. has been rejecting an international call to harmonize its rule with those of other countries, which award patents to the first applicant. Under the U.S. rule, patents are awarded to the inventor.

Harmonization of patent rules, along with copyrights and trademarks, is part of the agenda for the trade-related aspect of intellectual property rights under the accords of the General Agreement on Tariffs and Trade.

**LDP Executive, Qian Qichen Discuss DPRK**  
*OW1608110194 Tokyo KYODO in English 1007 GMT  
16 Aug 94*

[Text] Beijing, Aug. 16 KYODO—Liberal Democratic Party (LDP) executive and former Defense Agency chief Koichi Kato met with Chinese Foreign Minister Qian Qichen on Tuesday [16 August] and discussed the North Korean nuclear issue and recent events in Japanese politics, LDP officials said in Beijing.

Qian told Kato that with the signing of the recent agreement between the United States and North Korea, it is clear that the government under Kim Chong-il is functioning, an LDP spokesman said.

Qian said Kim Chong-il will continue the policies of North Korea and that he has not encountered any problems during the transfer of political power from his late father and former North Korean leader Kim Il-sung, the spokesman said.

Kato told Qian the North Korean nuclear issue must be solved "as soon as possible" and that China should play an influential role, he told reporters.

"In order to solve the problem, South Korea, Japan and China must maintain close consultations and as the European countries and the U.S. are far from the region, the problem cannot be solved easily by bringing it to the United Nations," Qian was quoted as saying.

Kato, who serves as the chairman of the LDP Policy Affairs Research Council, explained Japan's latest political situation after Prime Minister Tomiichi Murayama came to power in late June and stressed that the recent statements made by Environment Agency chief Shin Sakurai, "did not represent the position of the prime minister or the LDP," he said.

Qian said the Chinese Government hopes the Japanese Government will not change in the short term and added that although Sakurai's speech reflected his own opinion, Japan is an important country in Asia and this kind of speech influences the existing friendly relations in the region, the spokesman said.

Sakurai resigned his post as head of the Environment Agency on Sunday after stating that Japan had no



intention of waging a war of aggression in the past war. His statements caused widespread outrage both in Japan and other Asian countries.

Kato arrived at Beijing on Sunday and will meet Chinese President Jiang Zemin on Wednesday, before returning to Japan on Aug. 20.

**Differences Over Spratlys in Vietnam Talks Cited**  
*OW1608112894 Tokyo KYODO in English 1102 GMT  
16 Aug 94*

[Text] Hanoi, Aug. 16 KYODO—China and Vietnam ended two days of talks Tuesday with disagreement over their territorial claims to the resources-rich Spratly and Paracel Island chains in the South China Sea, Chinese diplomatic sources here said.

The differences were confirmed in a round of negotiations, the second of its kind, between Chinese Vice Foreign Minister Tang Jiaxuan and Vietnamese Vice Foreign Minister Vu Khoan, they said.

The two senior diplomats for the first time tackled the issue of which country has sovereignty over the Spratly and Paracel Archipelagoes, they said.

The Spratly Archipelago is also claimed either wholly or in part by Brunei, Malaysia, the Philippines and Taiwan.

The contention appeared to gain momentum in July, with Beijing denouncing Hanoi for seizing three Chinese fishing boats and their crews and demanding their immediate release.

During the latest vice ministerial talks, China and Vietnam failed to bridge their gaps and only shared the understanding that it would take a good deal of time to resolve the problem, they said.

The pair has also remained at loggerheads over the issues of drawing the land boundary dividing the two nations as well as a line distinguishing their respective territorial waters in the Gulf of Tonkin, they said.

The two sides agreed to keep up diplomatic efforts to reach a solution, they said.

The Chinese delegation was to visit a seaside resort near Hanoi, but has no plans to resume talks before returning to China on Aug. 19, they added.

**Scholarships Set Up for Vietnam Students**  
*OW1608095494 Tokyo KYODO in English 0925 GMT  
16 Aug 94*

[Text] Hanoi, Aug. 16 KYODO—The Bank of Tokyo announced Tuesday [16 August] it has established scholarships for students at Vietnamese universities.

Twenty students a year at Hanoi University will receive 20 dollars a month, it said.

Workers at foreign companies in Vietnam earn roughly 30 dollars a month.

The Bank of Tokyo has agreed on similar scholarship programs for students at the College of Medicine and Pharmacology and the Teachers' Training College, both in Ho Chi Minh City.

Money will be given starting in September, the bank said.

**Malaysian Prime Minister on Murayama Visit**  
*OW1608111494 Tokyo KYODO in English 1011 GMT  
16 Aug 94*

[Text] Kuala Lumpur, Aug. 16 KYODO—Prime Minister Mahathir Mohamad said Tuesday he hopes to discuss the rising yen and trade issues such as his East Asia Economic Caucus (EAEC) proposal when Japanese Prime Minister Tomiichi Murayama visits Malaysia later this month.

Murayama is scheduled to visit Malaysia from Aug. 26-28 as part of a Southeast Asian tour, Foreign Ministry and Japanese embassy officials said.

Mahathir said the appreciating yen has pushed up the cost of Japanese imports, particularly much-needed components for Malaysia's manufacturing sector where most industries are linked to Japanese joint ventures.

Referring to the EAEC which has yet to win Japan's support because the United States opposes its formation, Mahathir said, "we'll talk if the prime minister wishes to talk."

The EAEC, proposed by Mahathir in late 1990, is envisaged to group Japan, China, South Korea, Hong Kong, Taiwan and members of the Association of Southeast Asian Nations (ASEAN)— Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand—to discuss enhancing economic cooperation. The U.S. sees it as a potential trade bloc.

Other topics to be discussed with Murayama include faster technology transfer to Malaysian industries, rectifying the 6.4 billion dollar trade imbalance now in Japan's favor, and obtaining new low-interest yen loans.

Mahathir criticized Japan's Mitsubishi Motors Corp. some months ago for being too slow to transfer technology to make engine and transmission parts to local automaker proton in their national car venture, and urged proton to look elsewhere for the know-how it needs.

Regarding yen loans, Japan recently said increasingly affluent Malaysia has graduated from being eligible to obtain low-interest funds. Both countries are now negotiating a new yen loan program which Malaysia hopes will maintain existing low-interest rates.



## Self-Defense Forces To Assist Rwanda

### SDF To Aid Bordering Countries

OW1608065694 Tokyo KYODO in English 0556 GMT  
16 Aug 94

[Text] Tokyo, Aug. 16 KYODO—Japan's Self-Defense Forces (SDF) may go to countries bordering Rwanda as early as next month to participate in U.N. Peacekeeping activities, a senior government source said Tuesday [26 August].

However, the Social Democratic Party (SDP), led by Prime Minister Tomiichi Murayama, may object to dispatching the SDF to the war-torn central African region as the party has long opposed sending forces overseas, the source said.

If carried out, the dispatch of SDF personnel will not happen before early September as a cabinet decision will be delayed by the absence of government officials on summer vacation, the source said.

Officials said Friday that a government fact-finding team, which has been inspecting local conditions surrounding international aid to Rwanda, proposed that SDF support be provided for Japan's assistance to U.N. activities there.

The inspection team, which returned Thursday after observing conditions in refugee camps in neighboring Zaire and Tanzania, said in its report that Japan's involvement in the region should take a "highly self-sufficient" form.

### Murayama Comments

OW1608133494 Tokyo KYODO in English 1312 GMT  
16 Aug 94

[Text] Hakone, Japan, Aug. 16 KYODO—Prime Minister Tomiichi Murayama said Tuesday he is considering the dispatch of a Self-Defense Forces [SDF] contingent as U.N. peacekeepers to countries neighboring the civil war-stricken Rwanda.

"We have to consider thoroughly the possibility (of sending the SDF) to provide humanitarian assistance, rather than military logistic support," the prime minister told reporters at the lakeside resort of Hakone in Kanagawa Prefecture.

Murayama cited the improvement of environmental hygiene in refugee camps and the backing of medical teams as possible SDF duties there.

It was the first time Murayama has mentioned the possibility of sending Japanese troops to the Rwanda region as U.N. peacekeepers.

Murayama's own Social Democratic Party [SDP] has expressed strong reservations to providing personnel

contributions for U.N. peacekeeping missions, citing Japan's constitutional constraints on the overseas deployment of its troops.

The premier also said that Japan "cannot send (the SDF) to Rwanda itself."

"I have to draw a conclusion (on the dispatch issue) after gathering a bit more information on the actual situation," he said, adding that his government will send another investigative mission later this month to gather further intelligence.

The first mission returned to Japan on Aug. 11 from Tanzania and Zaire and submitted a report calling for the dispatch of the SDF to back up the activities of medical teams aiding Rwandan refugees.

In a related development, a government source said the Murayama administration is shifting the emphasis of Japan's planned aid for Rwandan refugees to the construction of various accommodation and hygiene facilities and away from an initially-planned dispatch of medical teams.

The Liberal Democratic Party and New Party Sakigake—two coalition partners of Murayama's SDP—have in principle approved a proposal to send Japanese troops to Rwanda's neighbors in a peacekeeping role, a Foreign Ministry source said.

It is estimated that Rwandan refugees need more than 60,000 toilets in refugee camps in Goma, Zaire, alone.

## Reaction to Minister Sakurai's WW II Remarks

### Murayama Comments

OW1308060694 Tokyo KYODO in English 0545 GMT  
13 Aug 94

[Text] Hakone, Japan, Aug. 13 KYODO—Prime Minister Tomiichi Murayama chided a cabinet minister Saturday [13 August] who claimed Japan did not intend to wage a "war of aggression" before and during World War II.

The premier was responding to reporters' questions on Environment Agency Chief Shin Sakurai's remarks on Friday.

Murayama said Sakurai's remarks "are extremely regrettable and I admonished him strictly."

"I asked Foreign Minister (Yohei) Kono to confirm what (Sakurai) really meant and will consider how to respond to the remark depending on (Kono's report)," the premier said.

Murayama, now on summer holiday in the resort town of Hakone, Kanagawa Prefecture, quoted Sakurai as telling him over the phone he was "sorry for the inappropriate remark."



Sakurai was quoted as saying, "My real thinking is identical to what you said in your policy platform address to the Diet" in apparent reference to Murayama's remarks on July 18 that Japan waged a war of aggression, inflicting agony on its Asian neighbors.

Murayama said Sakurai assured him he "withdrew the remark immediately" after it stirred up an outcry. Sakurai, 61, is a legislator from the Liberal Democratic Party, a key coalition partner of Murayama's Social Democratic Party [of Japan].

The premier told reporters, "all Japanese need to understand (Japan's war) responsibility deeply."

"It is necessary (for the Japanese) to keep in their mind the fact that Japan has reconstructed itself as a peaceful cultured country governed by the pacifist Constitution," he said.

In a related development, a government source suggested no punitive action will be taken in response to Sakurai's remarks.

Sakurai "has already retracted his remarks and we are watching reactions from South Korea and China," the source said.

At Friday's press conference, Sakurai said Japan did not intend a "war of aggression," in response to a question about a no-war resolution being considered by the Diet for the 50th anniversary of the end of World War II next year.

"While it is necessary to apologize for everything, I don't think we should take the position that Japan was the only one that was wrong," he said.

Sakurai said that, instead, Asian countries gained their independence from the European colonial powers, education spread, and Asian economies were revived.

The South Korean Foreign Ministry protested Sakurai's remarks Friday, saying such statements amount to "throwing cold water on the effort of the two governments and the people of the two nations to promote bilateral cooperative relations."

Following the South Korean protest, Sakurai called an emergency news conference at which he formally withdrew his controversial remarks.

In May, then Justice Minister Shigeto Nagano was forced to step down only 12 days after taking office for describing the 1937 Nanjing massacre as a "fabrication."

#### **Envoy: Remark 'Regrettable'**

*OW1308080694 Tokyo KYODO in English 0744 GMT  
13 Aug 94*

[Text] Seoul, Aug. 13 KYODO—Environment Agency Chief Shin Sakurai's remark that Japan did not intend to wage a "war of aggression" before and during World War

II "lacked propriety and was most regrettable," Japan's charge d'affaires in South Korea said Saturday [13 August].

Hiroshi Shigeta made the comment during a call on Choe Dong-jing, assistant first vice minister at the South Korean Foreign Ministry, to explain Prime Minister Tomiichi Murayama's position on Sakurai's statement made Friday.

Murayama, now on summer holiday in the resort town of Hakone, Kanagawa prefecture, said Saturday that Sakurai's remark "is extremely regrettable and I admonished him strictly."

Briefing reporters after the meeting, Japanese embassy officials said Shigeta apologized to Choe, saying Sakurai's statement had "greatly annoyed the South Korean Government and people."

Shigeta said it is the basic policy of the Murayama administration to strive to put future Japan-South Korean relations on a sound footing while bearing in mind the lessons of history.

The officials said Choe told Shigeta that when such statements are repeated, such efforts are made more difficult "because of the people's sentiments."

South Korea's governing Democratic Liberal Party released a statement Saturday describing Sakurai's statement as "a reckless remark which desecrates those Asian countries forced into undergoing much suffering and sacrifice as a result of Japan's aggression."

"The statement is regrettable in that it shows that the Japanese leadership has not actively repented its own historic errors," the party said.

The opposition Democratic Party also released a statement saying "the Japanese Government should apologize formally to the peoples of all afflicted nations in Asia, and should take firm measures against the director who uttered the reckless remark."

Sakurai, 61, is a legislator from the Liberal Democratic Party, a key coalition partner of Murayama's Social Democratic Party.

At a press conference on Friday, Sakurai said Japan did not intend a "war of aggression," in response to a question about a no-war resolution being considered by the Diet for the 50th anniversary of the end of World War II next year.

#### **Ministry: Returnees From China Self-Reliant**

*OW1308113594 Tokyo KYODO in English 1014 GMT  
13 Aug 94*

[Text] Tokyo, Aug. 13 KYODO—More Japanese war-displaced orphans who returned from China to settle in Japan have found jobs, reducing the number of households living on government subsidies, the Health and Welfare Ministry reported Saturday [13 August].



The report was based on the results of a survey of 1,423 returnees' households, of which 1,191 responded.

The survey covered those who returned to Japan at government expense from 1972, when Japan and China normalized diplomatic relations, to 1993.

The poll found that 60 percent of the returnees had jobs, up 6.0 percentage points since 1989.

In 78 percent of the households, either spouses or children were employed, compared with 60 percent in 1987 and 69 percent in 1988, the ministry said.

Among those who returned to Japan more than five years ago, 84 percent had family members on the payroll.

Monthly income per household averaged 32,500 yen, about 100,000 yen less than the national average.

Nonetheless, the percentage of households receiving government assistance had dropped to 35 percent from 49 percent in 1989, the ministry said.

More than 60 percent of the returnees said they could not find jobs because of ill health.

The report said 40 percent of the returnees still were unable to understand Japanese while 48 percent said they have enough knowledge of Japanese for shopping and communicating with colleagues at work. Only 12 percent had no difficulty communicating with Japanese at all.

The ministry said the number of returnees who said they are happy with life in Japan decreased slightly, standing at 74 percent.

#### **Suspect Seeks To Avoid Extradition to U.S.**

*OW1608043294 Tokyo KYODO in English 0324 GMT 16 Aug 94*

[Text] Tokyo, Aug. 16 KYODO—A Japanese man asked the government Tuesday [16 August] to postpone extraditing him to the United States where he is accused of killing a Japanese psychic and her son, the suspect's lawyers said.

Raita Fukusaku, 29, who is scheduled to be handed over to the U.S. later in the day, submitted a letter to Justice Minister Isao Maeda, saying his health has deteriorated due to abnormally low blood pressure, and he should be taken to hospital or have his extradition postponed, the lawyers said.

On July 19, the justice minister ordered him to be extradited to Hawaii for trial on charges of killing fortune-teller Kototome Fujita, 56, and her son, Goro, aged 20, in Honolulu last February.

According to a court notice made available Saturday, the Supreme Court has rejected an appeal by Fukusaku seeking to overturn the rejection by a lower court of his bid under Habeas Corpus rules to win release and avoid extradition to the U.S.

#### **\* Ozawa Bashing, Political Reform Debated**

*942B0143A Tokyo SEIRON in Japanese Aug 94 pp 82-93*

[Discussion between Masataka Kosaka, Kyoto University professor, and Kenichi Matsumoto, commentator; place and date not given]

[Text] *Ichiro Ozawa, currently viewed as the worst single villain on the political scene, is now the target of an unrelenting avalanche of criticism. In this discussion, we will examine the circumstances of and reasons for Ozawa bashing, and attempt to shed some light on the current state of politics and political thought in Japan.*

#### **Why All the Attacks on Ozawa?**

[SEIRON] Ozawa bashing has been going on for some time now. What is it about him that inspires all these attacks?

[Matsumoto] Ichiro Ozawa aspires to power in a way that few Japanese politicians do. Plenty of politicians are power-hungry. Nearly every politician wants to become a cabinet minister and, eventually, even prime minister. But very few politicians have a sense of purpose, a vision of what they would like to accomplish when they do become a cabinet minister or prime minister. Ozawa definitely does have that sense of purpose, that vision. Also, he knows what he must do to acquire power. That's why he is attacked by both the Liberal Democratic Party [LDP] and the Social Democratic Party of Japan [SDPJ]. Their perception is that Ozawa is in control and that they are being manipulated by him. Their feeling of helplessness and frustration is one reason why they attack him.

[Kosaka] Ozawa has given expression to thoughts, through his words and actions, that all politicians entertain (vaguely or not so vaguely), though they may not express them clearly or act upon them. He came out and said that the emperor has no clothes. I think he was referring to Japan when he said that. Without question, Japan is the emperor with no clothes. We seem to be an eminent nation, but we certainly don't respond well to crises. When politicians are asked if they want Japan to remain an emperor with no clothes, not one of them can think of a response. Perhaps they get angry when the subject is brought up because it is one that they are dimly conscious of, one that they're sensitive about.

[Matsumoto] When the Gulf war broke out, we were under the delusion that Japan, with its peace constitution, was an unarmed nation. However, we have a perfectly decent military, and it would be strange if we didn't use it to fulfill our international responsibilities. But we must be aware that dispatching Self-Defense Forces personnel is, after all, military mobilization, and that must be legitimized by appropriate legal means. Without them, we should not mobilize troops, as Kaifu did. That was wrong. In other words, Ozawa's arguments are extremely sound.



[Kosaka] It's all very well for people like us to write things like that. After all, we're not running politics. But Ozawa may be controlling the direction of politics. At least he has made some progress in that direction. However, the Japanese would probably prefer to stick with the emperor with no clothes. Life would be less complicated.

[Matsumoto] Ozawa's quest for power is backed by a distinct sense of purpose, and he knows how to get power. That is why the LDP and SDPJ are attacking him. But my impression is that the vision he has for our nation or, to use his words, his "blueprint for building a new Japan," is seldom the subject of praise or criticism.

[Kosaka] That is odd, isn't it. A writer for the British publication, *THE ECONOMIST*, has mentioned that situation. Ozawa has been called high-handed. But I've never heard anyone say that what he is trying to accomplish is wrong. No one debates the pros and cons of what he is trying to do for Japan.

[Matsumoto] Anyone who behaves differently from everyone else or whose behavior stands out is going to be censured.

[Kosaka] Discussions never get to the point where someone says, "What he's trying to accomplish is wrong," and that is unfortunate. But if they don't, Japan will never change. We have to make changes, even if we make them only once every few decades. But Japan has a system that is perfectly set up to suppress talented men like Ozawa.

[Matsumoto] I suppose that's what you might expect of an agricultural society. When a river overflows, inundating the rice fields, the farmers commiserate with each other over their misfortune and apply stopgap repairs. Nevertheless, they will despise anyone who shows leadership, who speaks up and says, "There will be more typhoons. We had better shore up the riverbanks." Ozawa was reared in a political system run by a sort of council of elders, but I sense that what he envisages is far removed from that type of system.

[Kosaka] The Japanese like that kind of politics, where no one assumes leadership. Ozawa has something different in mind.

[Matsumoto] We have entered a new age, an age of reform, a reform of the world order and of the international situation. The old politics, the sort we had when Kanemaru and Takeshita were the elder statesmen, cannot cope with such an age. Therefore, I believe that Ozawa's philosophy—that we must reform Japan—is an exemplary philosophy. Whether his visions and plans can be effective without alteration is the next problem that must be discussed. But generally they're thwarted before that stage is ever reached.

However, when Ozawa asks if anyone has a counterproposal, no one ever has one. Therefore, while people are insulting him behind his back and attacking him, the

political scene moves in the direction he wants it to take. At least, that's what seems to have been happening in the last year or so.

[Kosaka] The electoral system, for instance. I think it's a miracle that the amendment to the Electoral Law passed. What that means is that Diet members cast their votes for an amendment that will cost very many of them their jobs. That in itself is extremely puzzling, but I'm glad it passed. Frankly, we need to have the small electoral district system if we intend to nurture politicians with strong leadership.

But as the next election looms closer, politicians have realized that they don't want the small electoral district system and, foolishly, are attempting to preserve the medium-sized electoral district system. I've never heard of such a thing in all the history of parliamentary politics throughout the world. The politicians are trying to sabotage a decision that they made themselves, at the last moment. It would be terrible if they succeeded.

[Matsumoto] Their excuse is that the redistricting bill hasn't been drafted. But the truth is that the LDP and SDPJ don't want the election held under the small electoral district system.

[Kosaka] If redistricting for the small electoral district system hasn't been done yet, then they should do it, and quickly. I don't see any need whatsoever to hold elections until it has been done. I believe that we'll have moved a step forward with political reform when the electoral system is changed.

The only leading nations that go into elections without a clear idea of who is going to be the prime minister are Italy and Japan. In France and the United States, presidents are elected, so the voters choose them at the polls. Great Britain and Germany have something akin to a two major-party system and choose their leaders on that basis. But in Japan and Italy, and only in those two nations, the voters and their votes have no connection with the selection of prime ministers. The selection is done behind closed doors. Under those circumstances, one could hardly hope for leadership.

[Matsumoto] Or, one could say that Japan and Italy have village politics. With village politics, it doesn't matter who becomes prime minister.

[Kosaka] That's right. What is happening is that the old guard claims it is opposed to power, or something like that, when it does its bashing. I'm tired of their antiquated arguments and ideas. These conflicts unfold from time to time within Japanese companies. If they aren't settled properly, the company goes under. If they do get settled, the company continues to exist. That's how it goes, isn't it.

#### **The Difference Between Ichiro Ozawa and Shusei Tanaka**

[Matsumoto] You interviewed [Kiichi] Miyazawa about 10 years ago. In a preface to that, entitled "Toward a



Beautiful Japan," Miyazawa describes his vision of a beautiful, prosperous Japan. Shusei Tanaka of Sakigake [Harbinger] helped him create that vision. What has happened to the relationship between those two men in 10 years?

[Kosaka] That will be something for future political historians to write about. Remember when the Shinjiyu [New Liberal] Club was first formed? It was around that time that people began to be dissatisfied with the LDP and to feel that the political system needed to be changed. I should mention two important attributes of the Shinjiyu Club.

The first was a style that appealed to the public, notably Kono's style. The other was the fact that it attracted people like Shusei Tanaka and Takeo Nishioka, both policy specialists. They said that they had no faith in the cabinet then in office, and defected from the LDP. That is probably when the movement began. They wanted to do something new. Tanaka talks about theories, an unusual thing for a politician to do, and intellectual effort comes naturally to him.

[Matsumoto] In that case, I think I understand why Tanaka, who is quite capable of drafting policies single-handedly, might be the most severe critic of Ozawa's plan to reform Japan, to make Japan a "normal nation," and might become one of Ozawa's adversaries. That is not simply because he objects to Ozawa's high-handedness, but because Tanaka's vision of our nation's future is slightly different from Ozawa's.

[Kosaka] I have a feeling that Tanaka is more of a domestic specialist. Ozawa gives me the impression that he doesn't know much about domestic affairs or the economy. When he talks about the consumption tax, he doesn't convince me that his plan is going to make Japan a wonderful place.

[Matsumoto] I know what you mean. In his *Blueprint for Building a New Japan*, he's saying that Japan must play a responsible role in international politics. In order to do that, we must provide PKO [peacekeeping operations] personnel, just as other nations do. That makes perfect sense to me. But when it comes to what kind of nation we'll have when we've done that, he says that the United States once gave the "American dream" to all the people of the world. He wants Japan to do the same by giving a Japanese dream, a dream of comfort, to the world. "If you go to Japan, you can live a comfortable life." Something like that. Or, he wants Japan to be a nation that symbolizes peace. But suppose that Japan begins to seem like the U.S.'s 51st state? I'm exaggerating, but do we want to go that far to be a peaceful, prosperous nation and to bear our share of international responsibility? That's the sort of question that we can expect to arise.

[Kosaka] Exactly. Along those lines, Shusei Tanaka is the one who is fully aware of Japan's complex, difficult position in the international community. Though Tanaka certainly couldn't have been pleased with

Ozawa's strong-arm tactics, I think the main reason why he resigned his position as, well, Prime Minister Hosokawa's adviser, was that he lost the energy to fight for the causes that he believes in.

[Matsumoto] He did?

[Kosaka] Yes. Look, we need to ease regulations, but that's a terribly difficult task to accomplish, when you think seriously about what sort of place Japan is. I've spoken with Tanaka many times, and he told me that deregulation should not become a political cause. Deregulation must be examined in a multistage process. There is no easy way to do it. Tanaka is well aware of that. He says that some sort of policy should be made to address a particular problem that has some connection with deregulation. Then that problem should be resolved by easing some regulation or regulations, thus setting a precedent for further deregulation. But this idea has too much of the policymaker's stamp on it. Shusei Tanaka doesn't know how to get things done, though I do think he is more knowledgeable about domestic policy than Ichiro Ozawa is. The two men would make interesting rivals.

Japan must continue to be a member of the international community. For that reason, we are going to be faced with an increasing number of cruel necessities in the future. But we can't become the 51st U.S. state, and the reason why we cannot is a simple one. For a long time, the Americans didn't make unrealistic demands of us. However, the United States is now a nation just like any other, and the Americans are making unrealistic demands. We need extremely capable diplomats to be able to tell them that we can't cooperate in an endeavor that we consider a mistake. In any case, we don't want to imitate the United States here in Japan.

[Matsumoto] That's right. The United States is just an ordinary nation now, one that talks about "American first." This is a 21st century problem, a post-cold war problem.

[Kosaka] Ichiro Ozawa is a politician created by the Gulf crisis. I think the Gulf crisis was a very serious one for Japan.

[Matsumoto] Yes, it was.

[Kosaka] We took our time doing it, but we did contribute \$12 billion. And, regardless of the form of the contribution, the fact that we financed it by raising taxes made a strong impression on any discerning person.

[Matsumoto] Yes, because Japan was the only nation that increased taxes to raise its contribution.

[Kosaka] We must have been viewed as a great nation for having done that. It took a while for us to send our PKO personnel out, but they finally did go to Cambodia. If we hadn't done those two things, we would be ignored if we had a crisis here. I think it was a very serious crisis. At that time, Ozawa was [LDP] secretary general. The team



that was formed at that time, including Komeito, became the nucleus of the coalition government. Then Mutsuki Kato left the LDP, too. So did Nishioka. Then, the LDP got squeezed in the election for governor of Tokyo Prefecture. The team was strong because it was a union of kindred spirits who worked together to deal with a major crisis. They must have spent several hours every day in consultation. That's something you don't often see politicians doing.

[Matsumoto] The ties that bind the members of Shinseito are amazingly strong. It seems not to be a group united by special interests, but a team whose members have the same goals and the same sense of purpose. Those qualities give a political party an extremely fresh image.

#### Comparing Ozawa With Toshimichi Okubo and Takashi Hara

[Kosaka] I still haven't figured out why Hosokawa and Ozawa were in such a hurry to propose a national welfare tax. They are both responsible for this mistake. There's no need to rush on that.

[Matsumoto] The fact that Ozawa thought it would eventually pass is a sign of overconfidence. When he decided it was a good time to get rid of the SDPJ, he came out with "Kaishin" [Innovation]. Remember?

[Kosaka] That kind of thing tells you that he doesn't have so much influence yet. But having observed politicians, I think that the ones who are likely to get impatient and go overboard are, without a doubt, the ones who grow. The pro-Ozawa and anti-Ozawa conflict seems to be a conflict within the baby-boomer generation. The baby-boomers have something we don't have. We know what it's like to lose a war, so we tend to be cautious. They are not. There are plenty of people who say that these things must be done in a reasonable way, and that's been the case since the university strife began. Then we have the far left, also a strong generation, which has split into two groups that are totally polarized. Aren't the bashers from the same generation whose members had their dreams shattered during the university strife?

[Matsumoto] In some ways, Ozawa's ideas are similar to those of the baby-boomer generation.

[Kosaka] He's somewhere around 51. A lot of the baby boomers are pretty tough. The fact that they won't stand for whitewashing has something to do personal experience, I guess.

[Matsumoto] Whitewashing has been going on ever since postwar democracy came to Japan. The reason for the university strife was the students' realization that their professors had swept the war under the rug, wasn't it?

[Kosaka] At that time, the people who were saying, "We need to use persuasion, not force," ended up bringing the police in. Ozawa was watching. In a way, I understand his heavy-handed attitude.

[Matsumoto] Living under Japan's postwar democracy, or postwar politics, the Japanese people have come to believe that disarmament means peace. But the political ideology embraced by Nixon and Thatcher is, "That guy is the enemy. I'll shake his hand, but I'll watch every move he makes. If I do that, then there will be peace." That type of political sense is finally surfacing among the Japanese, now that we've passed through a period of non-Marxist political thought that began around 1970.

[Kosaka] Whatever produced someone like Ozawa has its roots in history. That's what makes him so tough.

[Matsumoto] Some time ago, I had a discussion with [novelist] Shotaro Yasuoka. He was telling me what's wrong with Ozawa. Yasuoka was comparing Ozawa to his ideal, Toshimichi Okubo [1830-1878; one of the key founders of the Meiji government], but since Ozawa is from Iwate, I would think a comparison with Takashi Hara [1856-1921; diplomat and later minister for home affairs; born in Morioka] would be more appropriate.

[Kosaka] Yasuoka has a good point there. Takashi Hara achieved great success in international politics by bringing Japanese diplomacy to Washington, D.C., but his greatest accomplishments were in domestic affairs.

[Matsumoto] The major domestic reforms that were made 10 years after Japan's victory in the Russo-Japanese War.

[Kosaka] He was very clever at scattering around a lot of attractive bait. But now when I think about Takashi Hara, I wonder if what he did was good or bad for Japan. What he did, building schools, railroads, and harbors was certainly necessary for a modern Japan. No one argues about that, and historians praise him in their works. Ozawa lacks that aspect. I think he's more like Toshimichi Okubo.

[Matsumoto] Once Ryutaro Nagai [1881-1944; professor and politician noted for his oratorical skills] accused Takashi Hara of being a dictator in a speech he made at the Diet: "We have Lenin in the West, and our Takashi Hara in the East." Nagai actually called Hara a dictator.

[Kosaka] It's ridiculous to compare Takashi Hara with Lenin. We've never seen a Lenin in Japan, so people get away with making such foolish remarks. It's important to note the difference between Lenin and Takashi Hara. Takashi Hara was a strong leader but, in retrospect, I don't think he was that heavy-handed.

Since Takashi Hara's name has been brought up, I'm concerned about reactions against strong leaders. In today's world we don't have to assassinate them physically, we can just assassinate them politically.

[Matsumoto] For instance, Ozawa said, "It doesn't matter which woman you sleep with." As political strategy, that is certainly justifiable. But when it comes to *petit justice*, his statement angered Hideko Ito, Mayumi Moriyama, and the other female (five or six in



all) Diet representatives from the LDP and the SDPJ. They complained that his contemptuous, insulting remark is degrading to women. This has nothing to do with the main issue, politics. It's just an attempt to destroy Ozawa. The media loves to pick up on stories like this, and the media can ruin him politically. There's a strong possibility that that's how he'll be assassinated.

[Kosaka] The media is more sophisticated now, so it can destroy someone's career. I don't know if it will be after he accomplishes his goals, or before that, but I have the feeling that Ozawa will be assassinated. That's the fate of the Japanese people (laughter).

#### What Can Japan Learn From Asia?

[Matsumoto] The fact that the United States is now simply an ordinary nation poses more of a threat to Japan than does the North Korean problem.

[Kosaka] That's true. And at home, we have to do something about our huge, unwieldy government. But the world hasn't provided us with any answers. In the last days of the Tokugawa shogunate [1853-67], the answer was perfectly clear. Our current crises are not so well defined.

[Matsumoto] At the end of the Tokugawa shogunate, there were advanced nations. There were precedents. There are no precedents for the current situation. Or the party that we're dealing with changes. Since there is no script, we have to continue debating so that one gets written. But there hasn't been any debate over Ozawa's "design for Japan." Therein lies the greatest danger.

[Kosaka] We can't brag, either. We haven't sorted out the problems currently facing the world, intellectually.

[Matsumoto] At the end of the shogunate, the opposition showed a great deal of vitality. People who were not in power, like Shozan Sakuma [1811-64; royalist who studied Western sciences and gunnery, and who urged the government to strengthen Japan's coastal defenses] and Shonan Yokoi [1809-69; advocate of opening Japan to trade with the West] surfaced and wrote reform scenarios, as did Toko Fujita [1806-55; Confucian scholar instrumental in the Tenpo Reform (1841-43)]. It's hard to find anyone like them today.

[Kosaka] I really don't think that popular democracy is a good thing. Not for any nation. As long as everyone has the right to vote, that's what we'll have. There aren't any other options. One of the main problems with popular democracy is the media. Sometimes I think that the situation will continue to be hopeless until the public acquires the power to resist the influence of the media.

[Matsumoto] Lee Kuan Yew said something interesting recently. He said that democracy, with its one vote for one man, poses problems. Working people in their forties have child-rearing responsibilities, so they should have two votes. His opinion is by no means representative. But if we want to protect nature, if we want to

preserve the environment, why not give three votes to those who own a great deal of that nature, to landlords responsible for it, who are taking care of the rabbits and trees in it? My question is: Should they have one vote, just as urban residents do?

[Kosaka] When I hear Lee Kuan Yew and others making triumphant pronouncements about what a shame it is that the American culture is degenerating, or that Western civilization is in decline, I wonder where they get the nerve to say such things. But if we forget about Asia for the moment, what Lee says does make some sense. He is simply, in an obnoxious way, presenting an antithesis to the notion that Western-style democracy is all things to all people. In that sense, I think it's a good idea that such arguments have been raised.

[Matsumoto] Village politics has the evils of closed rooms and the council of elders system, but it has its merits, too. It doesn't ostracize its laggards and stragglers. If someone gets sick, everyone takes turns helping care for him. If you're living in a democracy, in the extreme case, when you get sick, that's the end for you. You can't work, so you fall farther and farther behind. That's just the way it is. But the village can't expel the unfortunate if it is going to survive. That is why the residents pool their money and lend it, interest-free, to the unemployed.

Since the United States is a democracy, it doesn't operate that way. In Los Angeles, Koreans and Korean-Americans put their savings into something like mutual finance associations. If someone says he wants to open a coffee shop this year, the community lends him a million yen from the mutual finance association. He can use that money for 10 years without interest. He doesn't have to repay the loan for 10 years. That kind of ingenuity is absent in modern democratic societies, in American society, and in the black community.

[Kosaka] The United States doesn't have it, but Europe once had that kind of system. As I see it, the United States is a place where one pursues individual possibilities to the fullest extent. The American dream is beautiful, it's wonderful, but by itself it isn't enough.

[Matsumoto] Europe and the United States have "the power to advance outward." But Asia, agricultural societies, have "the power to accumulate within." From an outsider's viewpoint, they look as though they are stagnating, they look as though they are in the same place they were 100 years ago. But there's no question that the breed is being improved there. They are developing innovative technologies. Because they are extremely attentive to quality control, the Asian nations have accumulated a lot of power within, now that 50 years have passed since the war ended and they became independent.

[Kosaka] It's true that Asia had its good points before that, but that is because the Western world, with its overwhelming advantage in power, went in there and the



two cultures mingled. The products of this intermingling are fine ones. If Asia had remained isolated, it would probably still be stagnating. But because of the injection of another culture, I think we're going to be seeing something wonderful there.

When Yukichi Fukuzawa [1835-1901; educator and founder of Keio University] returned from Rome, he said that he was impressed with the strength of European society, which stemmed from competition. But shogunate officials wanted no part of anything resembling a dispute. That was agricultural society in its consummate form.

I think Japan needs to learn from Asia. There are things we don't think of, things we can't say because of who we are. If the leader of a tiny country like Singapore can speak out so bravely, Japan's leaders should emulate him. That would really be something (laughter).

[Matsumoto] I understand very well what you're saying. For instance, a while ago, an Afghani had a heart attack or something, and died, in Ibaraki, or someplace like that. He was cremated according to Japanese custom. But the Afghanis are Muslims, and they don't cremate their dead. Japan was criticized for this incident, and the Japanese didn't know what to do.

Singapore's Lee Kuan Yew says that he doesn't mind if people wear the traditional chador in the [Muslim] districts, and that he believes that it's important that they do. But he doesn't want them wearing chadors if they're working at an airport. He states clearly that this is a rule that must be followed when Singaporeans come in contact with people from other nations. He is able to make such statements because Asia has gained confidence both in its economic and its political strength. What Japan can learn from Singapore is the point when it's possible to have a double standard like that.

[Kosaka] When growth takes place rapidly, it's amazing how much there is to learn from the process. Not just about economics. Since the Japanese have come to believe that the economy is all-important, they may think that the economies of Southeast Asia and China are growing, but that's rubbish. An economy doesn't ever grow by itself, and I think that it's important that we learn that. Once we've done that, the issue of war responsibility will blow away and go someplace else. It's insane to be concerned about war responsibility after 50 years have elapsed.

#### What To Retain From the LDP

[SEIRON] There was a comment about the strong unity among Ozawa's followers. If Ozawa falls on his face, is there any possibility of someone else taking his place and continuing to work for his causes?

[Kosaka] It would be a shame if there weren't. But though they're united, they still don't have enough good people. The fact that Okubo was assassinated after Saigo [Takamori (1827-77); instrumental in the formation of

the Meiji government, but later became disenchanted and died in battle against government troops] died is particularly symbolic. Saigo was dead, and when Kido [Takayoshi (1833-77); Meiji government official and adviser] died, Okubo was the only one left. The real problem is in getting a lot of capable people to come forward.

[Matsumoto] I would like to make quite a few revisions to Ozawa's "design." But I would hate to see him demolished. After all, he has definite ideas about how Japan has to change to survive in the world of the future, and he has expressed them clearly. I think it would be better to correct the aspects of his plan that need correcting, without destroying him. Actually, the best way would be to propose an alternative to his plan, so that it would be possible to have a debate.

[Kosaka] The LDP bears the major responsibility for that.

[Matsumoto] I think what Makiko Tanaka has to say about that is correct. Mr. [Ichiro] Kono says, "Make me prime minister," but I don't see how he can say that when he doesn't have a reform plan.

[Kosaka] It's pathetic if we have come to the point where we think Makiko Tanaka would be a good choice for prime minister. That's the trouble, there aren't any good people. They say that anyone who's been in power for a long time eventually becomes corrupt, and I suppose that's what has happened. The quality of the people on the political scene is different now, too. I guess everything depends on how many capable people these troubled times will produce.

[Matsumoto] Even in the last days of the shogunate, leaders who could steer Japan through a crisis didn't come from families of high pedigree. Kaishu Katsu [1823-99; Meiji government official and naval expert], Toshiakira Kawaji [1801-68; Tokugawa shogunate vassal], and most of the other great leaders were from the lowest-ranking *samurai* families. Those were the people who resolved crisis situations. The main goals of people obsessed with the class system are: holding onto their social status and making sure that they are appointed to the positions they want. That is the chief defect of the LDP.

[Kosaka] It's going to take them a long time to break out of that mold. I thought that two years would be enough, but I was being too optimistic. It won't happen in two years. We really need there to be competition. Nobody's debating the issues.

[Matsumoto] Nevertheless, I think that there are still a lot of people in the LDP who are capable policymakers or who have good connections overseas, despite the state the party is in. How can we get them to leave their assets to the politics of the new age? At the end of the Tokugawa shogunate, Kaishu Katsu transferred a multitude of the shogunate's assets to the new government,



including the navy and the school system. I think that it would be unreasonable to expect anyone in the LDP to do the same.

[Kosaka] Even someone like Kaishu Katsu wouldn't have come onto the scene if it hadn't been for Edo [former name of Tokyo]. Edo society had an amazing stockpile of talent. There is no equivalent to that in Tokyo.

The best portrayal of Kaishu Katsu I've seen is in the writings of Kan Shimosawa. Only Shimosawa could do it. Shimosawa is a novelist of the people, you know. A novelist of that type is best at capturing just the right atmosphere. Our thought process is warped, because some aspects of our educational system make it impossible for us to learn. After we learn from Asia, I think it will be time for us to learn from the Edo period [1600-1867].

[Matsumoto] At the time when [Commodore Matthew] Perry arrived [1853], each clan was self-sufficient. They all had their own defense and political systems, and they trained people. Furthermore, there were artisans who could build steam engines exactly like the ones in Europe simply by referring to Dutch plans. We have far fewer people with that sort of technical expertise now. It's not as bad here as it is in the United States, though....

[Kosaka] As you said, there are many good things about the LDP that should be kept alive, but nothing seems to crystallize. If it did, then there would be debates. The fact that no debates are taking place is a very bad sign. In any case, assuming that things are running smoothly in Japan 10 years from now, I think our leaders will be people we're not even aware of at this time.

[Matsumoto] Even at the end of the shogunate, 15 years after Perry came to Japan, the time of the Meiji Restoration, there had been a complete change in political leadership.

[Kosaka] That's what has to happen. To tell the truth, it is unrealistic to hope that everything will be fine if Ozawa takes over, because that probably won't happen. He'll probably fail the first time. Perhaps the second time he'll be more successful. Isn't success after a failure the real thing? Fate will decide.

**\* Sadao Hirano, Ozawa's Close Aide, Featured**  
942B0136A Tokyo SEKAI in Japanese Jul 94 pp 52-55

[Article by Takuya Sato, journalist]

[Text] Behind every powerful politician one inevitably finds an aide, another politician who serves as his right-hand man. This aide might be likened to a *kuroko* [a stage assistant in *kabuki* theater who dresses in black so as to be inconspicuous]. The *kuroko* idolizes his "master," maneuvers for him behind the scenes, and wracks his brains for his master. He spares no pains on

his master's behalf, and allows the master to bask in the glory that comes from his, the aide's, efforts.

As the powerful politician's status rises, the aides he acquires become greater in number and higher in quality. At the same time, the work that they do broadens in nature, extending into policymaking, Diet affairs, and politics.

Upper house member Sadao Hirano is without question Ichiro Ozawa's closest aide, and the "brains" behind Ozawa-style politics. In this article, we attempt to get a true picture of this singular *kuroko*.

**Zeroing in on Hosokawa's Resignation**

The true circumstances of Prime Minister Hosokawa's resignation remain a mystery. Did hints of yet another scandal really shorten his career? Or was it, as Hosokawa later said, "a deception designed to split the Liberal Democratic Party [LDP]," a planned resignation and not one triggered by scandals?

Hosokawa claims that he decided to resign on the night of 7 April, the day before he made his bombshell announcement, and that he "consulted only his wife." But this is clearly a lie. A number of people in the ruling coalition knew he intended to resign, and Hirano was one of them.

According to a Shinseito [Japan Renewal Party] source, Hosokawa caved in under the pressure of the LDP's pursuit of scandals involving him and resolved to resign several days before his actual retreat.

First came the NTT securities scandal. Hosokawa had insisted that the "transaction was not mine, but my father-in-law's personal investment," but it turned out that the transaction had been made through Hosokawa's office. Then it was discovered that Hosokawa had received the interest on 100 million yen he borrowed from Sagawa as a political contribution. Add to these his never-ending involvements with women. For quite some time, Hosokawa had known that he would have to resign. The only question was the timing of his announcement.

"What can I do so that I don't lose face when I resign? How can I resign in a way that provides some future benefit for the coalition government?"

The agonizing Hosokawa secretly summoned Hirano and Masahiko Yamada (Shinseito), who was acting as his legal adviser after the scandals came to light, to the prime minister's residence on 5 April, three days before he announced his resignation. It is said that this secret meeting was also attended by Hosokawa's secretary, Norihiko Narita, and Ryoza Nagata, secretary general of the Japan New Party and Hosokawa's aide. The resignation scenario was developed and refined within this close circle.

According to another source, Hosokawa was calm at the meeting. He said, "I will resign. I will resign, but I have



two requests. The ruling coalition worked together with one goal in mind, political reform. Now that that has been accomplished, the coalition has lost its sense of purpose. That is why the government lost its momentum. I want to do something that will restore cohesiveness to the coalition, and help it prepare for the next election."

"Is there some way to combine the coalition parties into one group? My second request, which I make with that end in mind, is for a policy agreement. From now on we will need good foreign policy, especially a North Korean policy, policies that ensure our national security, and good domestic administration, with emphasis on our tax system. Is there any possibility of obtaining an agreement on these problems? Try to think of something."

Hirano assumed that this speech was, politically, Hosokawa's last will and testament, and immediately got in touch with Ozawa. Ozawa's response was, "Listen to what Prime Minister Hosokawa says and advise him as you would your own son." Ozawa, too, was aware that it was simply a matter of time before Hosokawa resigned.

Hirano rose to Ozawa's request and set to work in earnest. The result of his efforts was the coalition agreement, which incorporated such policy goals as reaching a decision on the tax system during the current Diet session and a proposal on how the government should handle the North Korean situation.

How was Hirano, a first-term Diet member, able to get involved in the drafting of key policies to the extent that he did? Why does Ozawa trust him so much? To solve that mystery, we must go back four years.

In the general election held in February 1990, under the Kaifu cabinet, the LDP won 275 seats, assuring itself of a stable majority. But the Social Democratic Party of Japan [SDPJ] had also made a very successful showing, something of a fluke, due to the Takako Doi boom. The astute Ozawa, determined to isolate the SDPJ, began unfurling his plan to team up with Komeito and the Democratic Socialist Party [DSP].

Ozawa made a secret alliance with the two parties and began to build the foundation for a common platform. Ozawa made use of Hirano's services at that time. The course of events is outlined in detail in Ushio Shiota's *The Taking of the Government*.

According to Shiota's book, Ozawa summoned Hirano, and told him, "I want to put a stop to this SDPJ fraud. Do you have any good ideas?" Hirano immediately approached Deputy Secretary General Ichikawa and other Komeito executives. Then he wrote up a statement stating eight policies, among them 1) enactment of a national security law, 2) political reform, and 3) revision of the tax system, and submitted it to Ozawa. This statement formed the basis for the current coalition party agreement.

In the summer of that same year, Ozawa traveled to Europe to observe the electoral systems in force there. Among his traveling companions were SDPJ Deputy Chairman Tanabe, Ichikawa, DSP Secretary General Yonezawa, and Takeshi Noda of the LDP. Hirano, then a Diet clerk, was also in the party. It is obvious, looking at this lineup of names, that this was when Ozawa's political reform connections were being formed. Hirano's role as one of Ozawa's powerful sympathizers was more important than his role as a Diet clerk.

Hirano has described his activities as Ozawa's aide in an article entitled "Ozawa's Aide's Diary" that appeared in the 13 February 1994 issue of the SANDE MAINICHI. This article tells the behind-the-scenes story of the drafting and subsequent Diet approval of the political reform bill.

According to the article, during a one-week period in January 1994, when it was not at all clear whether the political reform bill would be passed by the lower house a second time, Hirano met with Ozawa three times, and the two made last-minute adjustments. The bill had been voted down in the upper house. There were two choices: force a second vote through the lower house, or draft a bill at a meeting of top-ranking ruling coalition and LDP executives. Previously, rumor had it that Ozawa and Hirano decided to tread the thorny path of forcing a second vote. But according to Hirano's diary, on 27 January, the point of no return, Ozawa instructed Hirano to prepare another proposal outlining 300 small electoral districts and 200 proportional representation districts. This proposal was identical to the one submitted by the LDP. It was at that time that Ozawa decided to change course and come to an understanding with the LDP.

Some say that Ozawa made this shift because he feared there would be a mass desertion of LDP reformist members, and that Gotoda would become the head of government. Nevertheless, this is an episode that demonstrates how vital a role Hirano played as Ozawa's right-hand man.

#### The Transformation of the "Brain That Runs the Diet"

Hirano was born in Tosa Shimizu in Kochi Prefecture, in December 1936. After graduating from Tosa Shimizu Prefectural High School and completing a graduate program in political science at Hosei University, he became a secretary at the House of Representatives in 1961, the year after the turmoil over the Japan-U.S. Security Treaty. He became private secretary to Sunao Sonoda, vice speaker of the lower house in 1965, and private secretary to Shigezaburo Maeo, speaker of the lower house in 1973. He also served as head of the Management Division of the lower house Secretariat's Committee Department, a position that often leads to greater things, then as assistant manager of the Committee Department, and was appointed department manager in 1989.



During his days at the Secretariat, Hirano was active in Diet affairs, again behind the scenes. In those days, the ruling and opposition parties were constantly at each other's throats. His work as secretary to the vice speaker and the speaker of the lower house got him even more deeply involved in politics.

Hirano had the administrative ability to write laws, and shrewd political sense. When the ruling and opposition parties would bicker, bringing the Diet to a halt, or when a new agreement was needed, Hirano was always able to find a solution.

Most of the members of the Diet Affairs Committee and the Standing Committee for House Management, regardless of party affiliation, would knock on Hirano's door asking for advice, and political reporters flocked to his office seeking his insights on Diet affairs.

When the Lockheed incident came to light, Hirano was Maeo's secretary. Hirano wrote the drafts for Maeo's and Kenzo Kono's adjudications, designed to halt the turmoil in the Diet. After the Takeshita cabinet took office, Hirano was referred to as the "court of last resort" for Diet members, and he deepened his relationships with key members of the LDP's largest faction, the Takeshita faction. Even then, Takeshita himself was describing Hirano as "Ozawa's right-hand man."

Why did Hirano abandon his backstage role at the Diet and enter the world of politics? Most Diet sources, when asked this question, cite Hirano's desire for reform. One of them told us that he might be called the "brain," but "he was merely a pencil-pusher who drafted agreements. He sensed that political reform and the upheaval that would accompany it were imminent, and wanted to use the knowledge he had acquired at the Secretariat to advantage by becoming a politician. Perhaps the Tosa Shimizu blood coursing in his veins had something to do with it."

Another influence might have been the fact that Hirano was not a Tokyo University graduate, nor was he a career bureaucrat. Therefore, he may have felt frustrated because he couldn't climb any farther up the Secretariat career ladder than chairman of the Committee Department. He couldn't have become vice secretary general or secretary general.

Most important, Hirano had an overwhelming advantage: He boasted the full support of the powerful vote-gathering machine, the Takeshita faction. Furthermore, the most powerful politicians of the time, Takeshita and Ozawa, had won Komeito over, and the election was heralded as the "first LDP-Komeito joint campaign in Japanese history." Hirano could count on both Komeito and LDP votes. He won.

Hirano comes from a family of local prominence. His father, [Kan], was a physician. His three elder brothers also became physicians or dentists. Only Hirano entered a totally different world, the Diet and Nagata-cho.

About his own background, Hirano says, "I am the fourth son of a poor country doctor. After suffering a series of disappointments in my youth, I decided to join the lower house Secretariat. I worked in politics behind the scenes for 34 years. During that time I realized that momentous events were upon us, and resolved to do something to change the way politics is conducted here."

Hirano ran for election, making a public promise to reform politics and to correct regional inequalities.

His attachment to his birthplace is extremely strong. He convinced Ichiro Ozawa to allow him to form the "John Manjiro Society" in 1990. In 1841, John Manjiro went out on a fishing boat, which went adrift and was washed ashore on Torishima. He was rescued by a U.S. whaling ship and taken to the United States, where he received an education. John Manjiro eventually returned to Japan, where he worked hard to open Meiji Japan to the outside world. Both Ryoma Sakamoto and Kaishu Katsu were heavily influenced by him.

In Hirano's eyes, Manjiro was both a fellow citizen of Tosa Shimizu and a pro-American pioneer who believed that the Japan-U.S. relationship was a very important one. He asked then Ambassador Mansfield to become a member of the society, as well as Gaishi Hiraiwa, chairman of Keidanren, and other business leaders. Ozawa became chairman of the society, and Hirano its acting chairman. Hirano's politically motivated desire to do something to improve Japan-U.S. relations prompted him to launch the society 50 years after the commencement of hostilities between Japan and the United States. At the time, Hirano's comment was, "The Japanese needed to have a 'memorial service' for the Pearl Harbor attack to erase the ill feelings between Japan and the United States."

#### Anti-Hirano Sentiments From Shinseito

Because of his experience at the Secretariat and in political life, Hirano's status as Ozawa's aide was ensured. Since he is Ozawa's most trusted aide, Hirano commands respect, even within Shinseito.

However, for the same reason, he is also the target of criticism and rancor from within the party. As one young member put it, "Mr. Ozawa uses Mr. Hirano often because he knows the workings of the Secretariat upside down. There's nothing wrong with that, but if we don't have discussions that are a little more open, no one will have any idea what Hirano is doing."

Party executive Kozo Watanabe, who has said, "I question the wisdom of entrusting political decisions to Hirano," is also rumored to be critical of Hirano.

Voices critical of Hirano can also be heard from the lower house Secretariat, where Hirano began his career. According to one of the young clerks there, "Since the Secretariat has a lot of dealings with politicians, some of its staff members are encouraged to become politicians. But employees must be mindful of the importance of



maintaining absolute neutrality. They must not side with any one party. In that sense, Mr. Hirano overstepped the bounds of propriety. That makes things more difficult for us, his successors."

Will Hirano remain at Ozawa's side forever? When he's standing alone, will the sun shine on him the way it shines on Ozawa?

For the answer to these questions, we'll have a look at a lecture Hirano gave at three locations, including the National Press Center in Washington, D.C., and at MIT, when he took advantage of the extended May holiday to visit the United States.

Ichiro Ozawa had originally been scheduled to give a lecture at the National Press Center. The arrangements had been made last fall, but the Japan-U.S. framework talks broke down in February, and Ozawa canceled his trip to the United States. Thus, the ball flew into his aide's, Hirano's, court.

Local interest focused on political news—Hosokawa's resignation and the new Hata minority coalition government. What will happen on the Japanese political scene? Is the Diet going to be dissolved? Is the cabinet going to resign? Questions about Japan's byzantine politics flew at Hirano like arrows.

Here is the speech that Hirano presented by way of reply. This is a rather long citation, but we have decided to include it in its entirety.

"The disorderly and unstable state of Japanese politics at this time can be explained by the fact that we have attempted to reform the antiquated 1955 system, and by the fact that there is ill feeling because we have succeeded to a certain extent. The battle against the myriad of specters that controlled the 1955 system is also a battle to reform the Japanese mentality, which has been an obstacle to internationalization. To have a modern society, we must resolve group and individual grudges into a rational mentality. By eradicating grudge politics, we will have accomplished true political reform in Japan."

What Hirano means to say is that the tension between pro-Ozawa and anti-Ozawa politicians, currently an overriding force in the political community, is a conflict over political reform, and is also ill will against the old guard on the part of the reformists. Hirano is well aware that these grudges are the political energy that is driving the political community.

"It is also a fact that in the Japanese subconsciousness, the grudges of the old system are obstructing the activities of the new system."

"To overcome these obstructions, we need to have a service for the repose of the souls of the old system. Throughout history, Japanese politics has been concerned with how to lay these grudges to rest. The

innumerable temples and shrines you find all over Japan are symbols of attempts to placate the old order."

This discussion of the Japanese people, with its keywords, "grudge" and "repose of the souls," is a very convincing argument. Listening to the various attacks on Ozawa, one comes to believe that they are indeed motivated by grudges.

Ozawa bears the burden of the grudges. And, as long as he remains by Ozawa's side, perhaps Hirano's chief assignment will be to lay the souls to rest.

#### **\* Report Recommends Revision of Amakudari System**

*942B0131A Tokyo SEKAI in Japanese Jul 94 pp 67-78*

[Article by Yuzo Kawamura, director of Gyozaisei Sogo]

[Excerpts] Ever since the government changed hands last year, the media spotlight has been fixed on our bureaucrats.

Last fall, ASAHI SHIMBUN launched the battle with its attack on the bureaucrats, entitled "Destroy the Evil Structure." In March, the newspaper followed that up with a short feature series, "Bureaucrats—The Crumbling Myth," together with the results of a questionnaire sent to administrative vice ministers and managers, and other civil servants at central government offices. MAINICHI SHIMBUN ran a 20-part series, "The Kasumigaseki Syndrome," which began at the end of last year. NIHON KEIZAI SHIMBUN has already published three series entitled "Bureaucrats," the first of which appeared in February. Newspapers are not the only medium featuring this issue. NHK entered the fray in early April by broadcasting "A Critical Look at the Bureaucracy" on educational television.

These features were prompted, of course, by public censure of the iron triangle (politicians, bureaucrats, and big business) that has given birth to innumerable abuses. Public censure brought down the curtain on Liberal Democratic Party [LDP] one-party control over politics. The business world has been shaken by several scandals, the most striking of them being general contractor graft. The media probably targeted the bureaucrats because they, and they alone, remained unscathed by these scandals, the "bureaucracy first, politics last" phenomenon. Almost every one of these features touched upon the amakudari [literally, "descent from heaven;" the appointment of a former government official to a responsible position in a private company] problem.

However, these discussions about amakudari are all based on the premise that the amakudari system is evil, and are no more than grazing attacks. One seldom comes across one that unearths the significance of amakudari within the current civil service system or within Japanese society. Almost all currently employed bureaucrats



are, actively or passively, in favor of amakudari. There is a huge gap between the bureaucrats' and the public's perception of the system.

On 25 March 1994, the National Personnel Authority issued its white paper, "Annual Report on the Approval of the Employment of Former Civil Servants by Profit-Making Corporations." On the basis of that document, I would like to discuss the problems of the amakudari system, and how they should be solved.

## **I. How Is the Amakudari System Regulated?**

### **A. Provisions in the National Public Service Law**

Theoretically, the National Personnel Authority regulates the amakudari system. However, its regulations are extremely lenient, and provisions in the National Public Service Law governing cases in which amakudari is prohibited can be accurately described as full of loopholes.

That said, let us first take a look at these provisions in the National Public Service Law. Here is a citation from Article 103, Paragraph 2, "Prohibitions Against Employment in Private Corporations."

"For a period of two years after leaving government service, a civil servant may not agree to accept or accept a position in a profit-making corporation with which the... government organization that previously employed him had a close relationship during a period of five years prior to that civil servant's separation from government service."

This is one of the basic regulations concerning amakudari. Exceptions to this prohibition are prescribed in Paragraph 3:

"The provision stated in Paragraph 2, in accordance with National Personnel Authority regulations, will not apply if the National Personnel Authority receives and approves a waiver request from the head of the agency or ministry employing the civil servant."

This is the basic provision governing National Personnel Authority screening and approval, and upon it National Personnel Authority Regulation No. 14-4 ("Employment in Private Corporations") is founded.

### **B. National Personnel Authority Regulations**

This National Personnel Authority regulation establishes detailed criteria for the approval of amakudari. However, if we omit instances in which amakudari is approved "as long as we deem that the spirit of the law is not being violated," we have the following:

a. Employees of profit-making corporations who have been in government service for a specific period of time, and who are returning to their former places of employment. (This refers to public-private sector interchange. A case like this differs from the usual amakudari pattern

and, therefore, should be approved. It is, however, difficult to believe that such cases occur frequently.)

b. Civil servants with rankings equivalent to or below Grade 9 on Government Compensation Schedule No. 1, civil servants with rankings equivalent to or below Grade 9 on other government compensation schedules, civil servants employed at posts and telecommunications or forestry projects, and assistant public prosecutors. (This includes all ministry and agency employees except for those with managerial status. For the latter, the authority to grant approvals is entrusted to the relevant ministry or agency, except in cases where the civil servant plans to join a private corporation as an officer.)

c. Additionally, civil servants whose employment in a profit-making corporation after separation from government service, due to special circumstances concerning employment or separation, could be justified. (This applies to the majority of cases cited in the white paper, but nowhere is the nature of these "special circumstances" described, nor is the word "justified" defined.)

Given the provisions cited above, it is obvious that in principle, only a limited number of civil servants, those holding the rank of manager and above at a ministry or agency (in a regional organization, this would be equivalent to, for instance, a civil servant holding the rank of director or above in an agency under central government jurisdiction) are actually subjected to National Personnel Authority screening. Then, let us look at what is meant by the requirement for approval described as "the spirit of the law?"

### **C. National Personnel Authority Screening Criteria**

The January issue of the National Personnel Authority's public relations bulletin, *The National Personnel Authority Monthly*, contains an explanatory article entitled "Approving the Employment of Former Civil Servants by Profit-Making Corporations." According to that article, the purpose of the approval system is as follows:

"The purpose of this system is to prevent a civil servant from using his position or authority to form a private relationship with a specific profit-making corporation, and then using that relationship to obtain a position in that profit-making corporation. Preventing such a situation from arising ensures that all public servants will perform their duties with absolute fairness, and guarantees the democratic, efficient running of the government."

This is, for the most part, an appropriate interpretation of the law now in force. Moreover, the intent of the law, when enacted, must have been quite similar. In some aspects, that intent is now anachronistic, but we will not discuss that issue here. Perhaps because the writer was conscious of the recent barrage of criticism leveled by the media at the bureaucrats, in portions of his article, he



goes to great lengths to prove how strict and careful the National Personnel Authority's screening process is. We will not take time to argue with him now. What we want to discuss here is which types of amakudari are approved.

According to the above-mentioned article, when a civil servant has been engaged in duties having absolutely no relationship with [his prospective employer] for five years prior to separation (for instance, a civil servant with experience only in general affairs or labor matters, one who has had no involvement in the issuing of permits) or... when he has been involved in the issuing of permits and the like, but only in a very mechanical or perfunctory way that did not require him to render judgment on them, or under similar circumstances, and his new position and the circumstances of his separation present no problems, his amakudari position will be approved.

#### **D. Amakudari Cases Not Subject to National Personnel Authority Screening**

Let us move on to list the types of amakudari not covered by regulations, those not subject to National Personnel Authority screening.

First, according to the provisions in Article 103 of the National Public Service Law, the following types of amakudari are exempt from screening.

1. Amakudari to a profit-making corporation two years after separation from government service.
2. Amakudari to a nonprofit corporation. (Nonprofit corporations, such as government-sponsored special-status corporations and foundations, and even industrial or trade groups formed by profit-making corporations, as long as they are officially classified as not-for-profit, are exempt from this regulation.)
3. Amakudari to a profit-making corporation from a government organization that does not have a close relationship with that corporation.
4. Amakudari to a profit-making corporation from a government organization that has had a close relationship with that corporation, providing that the civil servant did not serve in that government organization during the five years prior to separation.

When the National Personnel Authority's screening system for amakudari is criticized for its leniency, one often hears comments such as "This amakudari was approved despite the fact that a very close relationship exists," but such comments are somewhat off the mark. If no close relationship existed, the regulations would not apply to that particular case.

Previously we mentioned that, for most civil servants, with the exception of those with managerial or higher ranking in a ministry or agency, the authority over approval for amakudari is entrusted to the relevant

ministry or agency, according to National Personnel Authority rules. However, this case, too, might as well be considered as not covered by the regulation. This may be because there are few abuses of such authority, but let us leave the discussion of this problem until later.

## **II. How the National Personnel Authority Approval System Works**

### **A. The Amakudari White Paper**

The National Personnel Authority's annual white paper on amakudari, a report listing approvals of former civil servants for employment in profit-making corporations for the previous year, is submitted to the Diet and to the cabinet at the end of March. This year's white paper, therefore, lists those cases approved by the National Personnel Authority last year.

Altogether, 208 cases were approved, about the same number that was approved the year before (209). Looking at the figures for each ministry and agency, we see that, as usual, the Ministry of Finance [MOF] is in first place, with 66 cases, far ahead of the second-place Ministry of Construction, with its 21 cases. Then there are the Ministry of Education (19), the Ministry of Posts and Telecommunications (18), the Ministry of Transport (17), the Ministry of International Trade and Industry [MITI] (15), and the Ministry of Agriculture (11). Up to this point we are in the double digits. These seven ministries account for 167 cases, more than 80 percent of the total. The remaining 41 cases are accounted for by 15 ministries and agencies.

However, one must not jump to the conclusion that there is something sinister about the ministries with the highest number of cases. These figures simply reflect the fact that ministries with a large number of cases have many "close relationships" with profit-making corporations. One cannot assume that the evils of amakudari are expressed by these figures and only by them.

If we take a close look at the circumstances of these approvals, we see no signs of what is referred to as "glorious" amakudari here. Administrative vice ministers are the highest ranking bureaucrats, and there must have been a lot of personnel shifts last year within the ministries, but there is not one vice minister on this list. Furthermore, only nine cases involve civil servants holding the next ministry ranking below vice minister, i.e., bureau chief. There are only 39 cases involving ministry councilors and civil servants with the rank of manager or below, less than 20 percent of the total number of cases. In contrast, employees of local agencies of the national government account for 120 cases, nearly 60 percent of the total.

### **B. Amakudari From Local Agencies to Small and Midsized Companies**

Let us look at some actual cases that have followed this route from the MOF, which has the largest number of



cases. Two cases involve bureau chiefs. The head of the Mint Bureau went to Hokuriku Bank as an executive director, and the head of the Printing Bureau went to the Electric Power Co., Inc., also as an executive director. Both bureaus are part of a ministry that oversees actual work-site operations, but the nature of the work they do differs from that done by other bureaus. There were also two cases involving civil servants of managerial rank: the manager of the Financial Bureau's Fund Management Division went to Chiba City Monorail Corp. as an executive director, and the manager of the same bureau's National Property Appraisal Division went to the Asahi Credit Union as an advisor. Other cases involved inspectors or investigators, whose ranks are equivalent to that of manager. There were 56 cases involving civil servants from regional organizations, 36 of them Financial Bureau personnel, and 20 Customs Bureau personnel. The four cases involving civil servants with positions equivalent to agency head were all Customs Bureau chiefs. There were no cases involving Financial Bureau chiefs. All were managers, assistant managers, or heads of financial departments of local agencies of the central government.

Their amakudari destinations were as follows: from the Financial Bureau, credit unions (25), securities firms (five), secondary regional banks (four), and others (two). Most of these destinations are financial institutions, but the names of major city banks are not to be found. The destinations of those from the Customs Bureau were not as polarized as those from the Financial Bureau. They represent a variety of industries, including transportation, warehousing and trading, but none of them were financial institutions. Even within the same ministry, the distinctions are clear-cut.

The Ministry of Construction, which had the second highest number of amakudari, follows the same pattern, i.e., many of its cases involve civil servants from its local agencies, and their destinations are often small and midsized firms. However, last year, there was a relatively large number of cases in which bureaucrats on temporary assignments in public corporations or prefectural governments returned to the ministry and served at its secretariat before retiring and going on to their amakudari destinations. It is not clear whether there was a particular reason for that pattern. Furthermore, the Ministry of Construction's staff is divided almost equally between administrative and technical officials. Most of the cases appearing on the National Personnel Authority's list are those of technical officials. The same trend is seen in cases involving personnel from the Ministry of Transport and the Ministry of Agriculture.

The Ministry of Education had the third highest number of amakudari, with 16 civil servants assuming positions as university professors out of a total of 19 amakudari, if it is appropriate to refer to this type of case as amakudari. In the sense that these cases represent reemployment of people with specialized knowledge, they are similar to cases involving researchers in experimental research institutes.

In other words, the National Personnel Authority's screening process is aimed at those at the rank of manager and above in the central bureaucracy, but there are actually very few cases involving high-ranking civil servants. Most of the cases involve employees of local agencies of the central government bound for small or midsized firms.

### C. When Approvals Are Granted

The National Personnel Authority's white paper states the reasons for approval for every case it lists. These reasons can be classified into nine different types, or patterns, as follows:

1. During a period of five years before separation, the civil servant did not directly handle the affairs of his prospective employer.
2. During a period of five years before separation, the civil servant's duties had no connection with contracts or the like.
3. During a period of five years before separation, the civil servant did not perform duties that had any specific connection with the affairs of his prospective employer.
4. During a period of five years before separation, the civil servant was not in a contracting relationship with his prospective employer.
5. During a period of five years before separation, the civil servant had no real work-related relationship with his prospective employer.
6. During a period of five years before separation, the civil servant was not in charge of any work relating to the affairs of his prospective employer.
7. During a period of five years before separation, the civil servant was in a contracting relationship with his prospective employer, but the percentage of the prospective employer's sales accounted for by that relationship was low.
8. During a period of five years before separation, the civil servant's relationship with his prospective employer was relatively superficial.
9. The position the civil servant is about to assume is not that of a company officer.

Then, when we look at individual cases, we learn that few officials had held the same position during the five years prior to separation. Therefore, the National Personnel Authority's search for the appropriate reason or reasons sometimes led it to apply several reasons to one case.

For approximately half of all 208 cases, i.e. 103 cases, only reason No. 1 was stated. That is, these cases were approved because the civil servants had not handled the affairs of their prospective employers. Such cases include 42 of the 66 cases involving MOF personnel, and of



those, 30 cases out of 34 involving personnel leaving the Financial Bureau for financial institutions.

The next most often cited reason was No. 2, with 22 cases. This reason refers to officials who had not handled contract-related work. Nine of those cases involved university professors.

The combination of reasons No. 2 and 4 was cited when, for instance, during the five-year period prior to separation, an official had been in one position where he did not handle contracts, and another in which he did handle contracts, but in which no contract was concluded between him and his prospective employer. This combination is not cited more frequently for employees of one ministry than another. However, a similar combination, i.e., Nos. 2, 3, 4, was cited in seven cases out of the 15 involving Ministry of Construction personnel.

The combination of Nos. 8 and 9, i.e., cases approved both because the official had done work connected with his prospective employer, but such work was of relatively little significance, and because his prospective position was not an executive one, is found fairly often in Customs and Tariff Bureau cases. There are 13 cases for which Nos. 1, 8, and 9 are cited, and four for which Nos. 1, 3, 8, and 9 are cited, all Customs and Tariff Bureau personnel. These reasons probably reflect the nature of their work.

The combination of Nos. 1, 2, 3, 4, and 5 is found in a case where the director general of the Small and Medium Enterprise Agency accepted positions as adviser to the Tokyo Marine and Fire Insurance Co. and adviser to the Japan General Research Institute [nihon sogo kenkyujo]. The agency has no connection with either organization. However, during the five years prior to separation, the director general served as head of the Osaka Bureau of Trade and Industry, and as MITI's director general for policy coordination in the minister's secretariat. He was, therefore, in a position to make decisions on matters concerning both of his prospective employers, which thus produced this combination of five reasons. This is an exceptional case.

It is clear that the amakudari screening done by the National Personnel Authority targets relationships between civil servants and prospective employers. There does not seem to be a special screening criterion concerning the relationship between a ministry or agency and a prospective employer. According to newspaper reports, the Ministry of Construction is cutting back on amakudari of its personnel to general contracting firms. However some of these cases, decided prior to the cutback, are mentioned in the white paper, and there is no sign that the National Personnel Authority is giving close scrutiny to Ministry of Construction cases during its approval process. We will return to this problem later. [passage omitted on the history of amakudari regulations]

### C. Changes in Amakudari Regulations

The situation began to change about 1960, near the beginning of the period of high economic growth. Public criticism of the amakudari system was brought up at Diet sessions and, in 1963, a non-partisan-sponsored article, Article 9, to be appended to the National Public Service Law, was passed by the Diet. That article reads, "The National Personnel Authority must submit reports regarding approvals it has granted in accordance with Article 3... in the previous year to the Diet and to the cabinet each year, without delay." Since the year following the one in which that provision was established, the National Personnel Authority has been issuing its amakudari white paper on an annual basis.

An examination of the first report issued, for 1963, shows that the patterns at that time were quite different from what they are now. For instance, in 1963 there were many more cases involving civil servants ranking bureau chief or higher, including administrative vice ministers. Another striking difference is that seven cases were not approved, without question the result of the law's having been amended.

The amendment may have also prompted the various ministries and agencies to devise ways to avoid subjecting high-ranking bureaucrats to the National Personnel Authority's approval process. One way of doing that is arranging for a civil servant destined for a profit-making corporation to mark time at a nonprofit organization until two years before his planned separation from the bureaucracy. Lately, an increasing number of amakudari receptacles, ones that are exempt from the screening process, have come into existence, e.g., special-status corporations and nonprofit corporations. This is perhaps the result of the expansion of the Japanese economy. However, that may have been the time when, amakudari "managed" by the ministries and agencies, an eventuality not anticipated by the law, became standard procedure.

It is difficult to get a grasp on all facets of the present-day amakudari situation. However, recently a special-status corporation and labor union federation, Roren, (headed by [Kuniaki] Sakaniwa) prepared a detailed report on Ministry of Construction amakudari. This report was published first in the MAINICHI SHIMBUN (21 April) and, by the beginning of May, it had been featured on the NHK news and in the ASAHI, YOMIURI, and other leading newspapers. The report is proof that there are any number of amakudari that are not subject to the above-mentioned regulations.

## IV. What Sort of Amakudari Regulations Are Needed?

### A. What Is the Problem of Amakudari?

[passage omitted] The previously cited explanatory article in the January issue of the National Personnel Authority's monthly public relations bulletin describes the authority's basic philosophy on amakudari



screening, as follows: "Since this system restricts basic human rights, e.g., the freedom to choose one's occupation and the right to work, as guaranteed to all citizens by our constitution, even after separation ... we have endeavored to create harmony between the public welfare and human rights, e.g., the freedom to choose one's occupation, by ensuring the fair conduct of public service by making it possible to be reemployed after obtaining National Personnel Authority's approval."

That may be their reasoning. However, has the current state of amakudari really achieved the state of "harmony" the authority describes?

The article mentions "freedom to choose one's occupation," but in the real world of amakudari, there is virtually no freedom of choice, with the exception of only a few, elite bureaucrats. This is particularly true for civil servants bound for regional agencies of the central government, who are actually being forced to retire, and to accept such positions. Such forced retirement violates the freedom to choose one's occupation, i.e., public service. It also robs them of their right to work in public service, and ignores the personal guarantees prescribed in Article 75 of the National Public Service Law.

Furthermore, the fact that ministry- or agency-managed amakudari, which Article 103 of that law did not anticipate, fosters collusive relationships with the relevant ministry or agency and amakudari destinations, and that it obstructs the fair exercise of public duties is obvious, judging from many instances that have been publicized recently. Individual, personal relationships are formed because of amakudari and this situation is different from what are thought of in legal terms as abuses.

For that reason, it is time to take another look at the portion of Article 103 referring to "close relationships between profit-making corporations and administrative organizations." Currently, the National Personnel Authority's screening system looks only at the "relationship between the individual civil servant and profit-making corporations" during his government service. But in fact, the individual does not matter. He is sought after precisely because he is a ministry staff member, and for that reason, amakudari may engender collusion and corruption. The law, even in its present form, could limit collusive relationships between ministries and agencies and the business world if it were strictly enforced.

#### **B. How Far Should the Regulations Go?**

Even if the National Personnel Authority were to make its screening process more stringent, there would still be many amakudari patterns that escape the process completely. Since they are often the ones that cause problems, that would not be a solution. We need new regulatory measures to govern situations not anticipated by the existing law.

One of the problems is the period of time after separation during which civil servants are forbidden to accept

employment. If the system is not working properly with the current prescription of two years, then that period might be extended. Many writers have touched upon this problem, e.g., Bill Emmott, editor of the British periodical *THE ECONOMIST* (and author of the best-selling *The Sun Also Sets* published several years ago). In one of his recent works (*The Golden Age To Come* [kurubeki ogon jidai], Soshisha, 1992), he suggested that Ministry of Finance bureaucrats be prohibited from accepting positions at financial institutions until four years after they have left public service. Shigeharu Kagoshima, Meiji University professor (and former executive director of the National Personnel Authority), in his book *Taking the Helm Into the 21st Century* [nijuusseki e no kajitori] (coauthored with Tomiko Kato, Gakuyo Shobo, 1992) states that organizational rules are needed, and that a five-year prohibition would be suitable, since during that length of time influence might decline, because of the fast turnover rate in today's bureaucracy. The authors also believe that all amakudari to corporations with close connections with the government organization in which the civil servant in question has been employed should be subject to screening.

Another problem is presented by regulations governing reemployment at organizations other than profit-making corporations. The first president of the National Personnel Authority, the late Mr. Asai, who served there from 1948 to 1961, did some writing on the subject after his retirement in *Commentary on the National Public Service Law, New Edition* [shinpan kokka komuin hou seigi] (Gakuyobo, 1970). The following portion is of particular interest.

"To tell the truth, the regulations governing prohibited amakudari are full of flaws. In the first place, these regulations... have no prohibitions whatsoever against bureaucrats joining organizations other than profit-making corporations. Public corporations and public finance corporations are exempt from the amakudari regulations. These public corporations are huge, and their positions are influential. I think it is strange that amakudari to them is totally unregulated, while amakudari to even the tiniest private corporation immediately becomes enmeshed in the regulations."

This portion of the text seems to suggest that the author is apologizing for the leniency in the screening process while he was in office, but he has certainly pointed out the inconsistencies of regulation coverage.

There is a great deal of room for debate about how much to extend regulation coverage. However, it is certainly necessary to classify industrial groups established by profit-making corporations as profit-making corporations. It is more necessary to consider whether there is a valid reason for the existence of those groups, and other auxiliary groups whose sole purpose is to act as an amakudari receptacle, than to consider whether the regulations should be applied to them. It would be difficult to single them out, but a democratic resolution



of this problem, in which the public would decide which groups are necessary, and which are not, would be desirable.

The most serious problem caused by public corporations and public finance corporations is that they are "colonies" for the various ministries and agencies. When we are reforming the amakudari system, we must also review the personnel system of each ministry.

### C. The Bureaucracy's Personnel Management System

It is impossible to address the problems of amakudari without also addressing each ministry's personnel management system. Personnel management has to do with a civil servant's entire life cycle while he is employed, including recruitment, hiring, and retirement. However, within the bureaucracy, this system now extends to employment for civil servants after retirement, and even to subsequent changes of employment. Virtually their entire lives are being managed. (Of course, some ministries are more guilty of this practice than others.) Mandatory retirement was incorporated into the National Public Service Law in 1985. Ordinarily, personnel management would be in force until an employee's retirement and only until then. However, long-established traditions, the encouragement of early retirement, and amakudari placement plans, have caused the old personnel cycle to persist.

What is called "encouragement to retire" is tantamount to forced retirement, as we mentioned previously. Once a civil servant refuses an "opportunity," the opportunities offered to him subsequently grow decreasingly attractive. If he continues to be uncooperative, not only will he not receive the benefits of the bureaucracy's placement service, he will also be ostracized as someone who has disrupted the personnel rotation system, and will be relegated to a window seat. "Encouragement to retire" is simply a euphemism for forced retirement.

However, it is important to be mindful that no one who is in charge of personnel matters enjoys making arrangements for amakudari. If there is a surplus of older employees, and places cannot be found for them, the next generation of employees has to wait for promotions. If there are few vacancies, they cannot hire many new employees. Many personnel managers probably feel that they must force employees to retire in order to ensure a reasonable turnover rate. Moreover, an organization's amakudari network becomes its vested right, and abolishing it would generate bitter complaints from its every member, including its "graduates" who are still employed somewhere.

Therefore, if the amakudari problems are to be resolved, personnel management must undergo changes. This author does not think that such changes will happen overnight. But as long as amakudari is contributing to the iron triangle, and as long as it results in and is entwined with all sorts of abuses, we cannot allow it to remain unchecked. Conversely, moving toward solving

this problem may be one way of performing major surgery on the iron triangle.

### D. Public Service as Life's Work

Fortunately, there are basic rules prohibiting amakudari in the National Public Service Law, and the civil servant is guaranteed a position within the bureaucracy until retirement age. Article 107 of the same law provides for a retirement pension plan, "designed to maintain a suitable living standard... after retirement." It is unlikely that the existing pension plan satisfies the standards set forth in the law, but at least the framework is there.

It is time to breathe some life into these articles to enable civil servants to regard their administrative careers as their life's work once again. Some civil servants, e.g., judges, do have careers of that sort. Though it made the inappropriate proposal that the National Public Service Law be reviewed, and the regulations governing amakudari be eased, the Ad Hoc Council for the Promotion of Administrative Reform, in its most recent report, did state that the aspiration of public servants should be to make public service their life's work.

This philosophy is in agreement with "career service," one of the basic concepts behind the modern civil service system. The word "career" is not meant to describe high-ranking bureaucrats with special privileges. The late Shiro Okabe, former director of the National Diet Library and the first National Personnel Authority Legal Affairs Bureau chief, participated in the drafting of the National Public Service Law. To use Okabe's words, from *Twenty Years in Personnel Administration* (National Personnel Authority, 1968), "in sum, our systems are built on the assumption that civil servants will devote their entire lives to public service." Are not the times demanding that we return to this basic principle?

To reiterate, under the existing amakudari system, ministries and agencies control and manage our civil servants even after they retire, and an anachronistic family mentality persists within each one. Furthermore, the system fulfills the role of maintaining the hierarchy, even after retirement, since a civil servant's status at his amakudari destination is determined by his status within the government bureaucracy. This situation differs not in the least from the prewar social system, when the bureaucrats were "the emperor's functionaries." It also goes against the idea of democratic personnel administration, which is what the National Public Service Law intended in the first place.

Any attempt to put more force behind amakudari regulations will be met with a multitude of obstacles. Every ministry and agency will resist such an attempt. Those civil servants still in active service who are comfortable with the treatment they currently receive will object. All those who have enjoyed the profits from the iron triangle will make their displeasure known. However, if we do



not overcome those obstacles, Japan's administration will never be able to achieve modernization in its true sense.

#### **'Increasing Number' Favor Private Life Over Work**

*OW1308091894 Tokyo KYODO in English 0848 GMT  
13 Aug 94*

[Text] Tokyo, Aug. 13 KYODO—An increasing number of Japanese give preference to their private life over work, a government survey showed Saturday [13 August].

The prime minister's office said the survey, the 40th in a series since 1958, was conducted in May on 10,000 men and women over 20 years old, with 76.1 percent responding.

The survey showed that 23.4 percent of the respondents said they give top priority to work, down 6.8 percentage points from the poll held in May 1977, while 24.4 percent said they put emphasis on hobbies and sports, up 9.3 points, the office said.

The number of people giving priority to family life was at 38.7 percent, it said.

The poll showed that 22.2 percent of the respondents said their living standards declined compared with the year before, up 3.4 points over the previous year.

It said 65.3 percent said they were pleased with their present living standards, down 4.5 points, while those who were dissatisfied rose 3.7 points to 31.0 percent, the office said.

It said satisfaction levels dropped in earnings, assets, savings and durable goods, including automobiles, apparently because of the prolonged recession.

The office said nearly 90 percent of respondents described themselves as middle class. This category included more than 60 percent of those with annual income of less than 1 million yen and more than 90 percent of those with income exceeding 10 million yen.

#### **One of 5 Firms Freeze, Cut Starting Salaries**

*OW1508122594 Tokyo KYODO in English 1046 GMT  
15 Aug 94*

[Text] Tokyo, Aug. 15 KYODO—One out of five Japanese firms responding to a poll on jobs and salaries either froze or lowered starting salaries for new recruits this spring, the Japan Federation of Employers Associations reported Monday.

The federation, which polled 2,104 member firms and got responses back from 28 percent, said 70.6 percent of responding firms carried out job reductions in the past year to overcome the recession, up 9.7 percentage points over the preceding year, while 79.8 percent were planning or considering work force cuts in the future.

The federation said 18.7 percent of the companies intended to keep starting salaries unchanged from last year while 0.9 percent said they lowered them.

One of three firms said it raised starting salaries but contracted the upward margin, the federation said.

Some 35.9 percent said they have downsizing plans, while 43.9 percent are considering job cuts, it said.

The firms which carried out employment adjustment measures said they reduced or suspended recruitment of new employees and relocated workers to affiliates.

#### **Production at Plants Reduced by Drought**

*OW1308025094 Tokyo KYODO in English 0227 GMT  
13 Aug 94*

[Text] Tokyo, Aug. 13 KYODO—Many Japanese firms, particularly petrochemical ones, are facing a further production slowdown due to restricted water supplies stemming from Japan's summer drought.

According to a KYODO NEWS SERVICE survey, there are companies considering halting production completely from next week, unless there is significant improvement in water supplies.

The drought is particularly severe at the Kiso River System in the Tokai region in central Japan.

Mie Prefecture, located in the region with many petrochemical complexes in the Yokkaichi area, has already tapped a reservoir for disaster occasions and reduced water supplies to factories.

It plans to restrict such supplies to 60 percent that of usual levels from Monday [15 August].

Mitsubishi Petrochemical Co.'s Yokkaichi plant said its output has dropped 25 percent due to partial closure of its production facility.

It receives 10,000 tons of water per day, but "that is enough to merely maintain facilities, not enough for production," according to a company official.

The company, the largest petrochemical enterprise in Japan, is considering closing its ethylene production completely, he said.

Mitsubishi Kasei Corp. and Tosoh Corp., both comprehensive chemical manufacturers, also said they are considering temporary closure of their plants in Yokkaichi.

Asahi Chemical Industry Co. said it will close its plant if water supplies are restricted to 60 percent of usual levels as is planned after Aug. 20 in the Mizushima area of Okayama Prefecture, western Japan.

Mitsubishi Kasei's plant in this area has already halved its output due to water supply restriction, according to its officials.



But a further supply cut will force the company to stop production at the plant completely, they added.

In Hiroshima earlier this month, NKK Corp., one of the world's five largest steelmakers, moved 50,000 tons or 10 percent of its monthly output to its plant in Kanagawa Prefecture.

Kawasaki Steel Corp.'s plant in the same region has also moved 10,000 tons of its monthly output to a plant in Chiba Prefecture.

Top synthetic fiber maker Toray Industries Inc. said it will close the key production facility at its Nagoya and Tokai plants if water supplies are restricted to 80 percent of that of usual.

Tokyo Steel Mfg. Co., however, resumed production on Aug. 6 at its plant in Takamatsu, Shikoku, which had been closed since mid-July.

Operation is only for five hours a day, though, and production is only 35 percent of the usual level, company officials said.

#### **Quota Threat Concerns PRC Textile Industry**

*OW1308040294 Tokyo KYODO in English 0315 GMT  
13 Aug 94*

[“News Focus” by Geoffrey Murray]

[Text] Beijing, Aug. 13 KYODO—Every day for the past three years, Liu Libua, a woman in her early 30s, has been selling hot noodles from a streetside stall in the Chinese capital.

Even in the teeth of the bitter winter winds sweeping down from Siberia, she persists. The reason is simple: The noodles business earns her far more than her regular job at a cotton-spinning factory choking on debt.

As a street vendor, Liu earns about 1,000 yuan (115 U.S. dollars) a month, 10 times what she gets at the factory.

“I just idle away the time in the factory because there's almost nothing to do. Our products aren't selling well so inventories have piled up. Almost everyone in the factory is trying to moonlight,” she says.

Liu is one of millions of textile workers feeling the squeeze of quasi-unemployment—staying at work even though there is little to do, their meager pay being squeezed constantly by spiraling inflation. China's 50,000 textile enterprises employ some 15 million workers. In most of the major cities, at least half of the state-owned factories are in the red, losing between them some 1.58 billion yuan (182 million U.S. dollars) in the first 10 months of last year, according to recently published statistics.

The textile industry is the country's main foreign-exchange earner. Last year, for example, exports grew by

6 percent to 22 billion dollars. But against this has to be balanced an 11 billion dollar bill for imported raw materials.

This is one of the factors behind the growing concern in Beijing at moves by Japan to unilaterally impose quota restrictions on imports of Chinese textiles.

Shi Weisan, director general of the Asian Affairs Department of the Ministry of Foreign Trade and Economic Cooperation (MOFTEC), who led his country's delegation to last month's meeting of the China-Japan Joint Trade Commission in Tokyo, said: “We adamantly oppose the move. The issue should be settled through bilateral consultations rather than unilateral actions.

“For our part, China is ready to consider Japanese proposals and take positive actions to ensure orderly and steady exports of Chinese textiles to Japan. If Japan sticks to its decision, it will have to be responsible for any possible results.”

Asked what this meant, Shi argued that by restricting textile imports, Japan was actually restricting its exports to China. “China would have less cash to buy Japanese goods if the textile exports are reduced,” he stressed.

It might have just been coincidence, but the OFFICIAL BUSINESS WEEKLY, chose to illustrate its interview with Shi with a photograph of customers examining a Japanese-made stereo system in a Beijing store which claimed it sold some 58,000 dollars worth of Japanese-made electrical appliances each day.

Japanese officials attending the Tokyo meeting estimated that Sino-Japanese trade would reach 70 billion dollars by the end of the century and 190 billion dollars a year by 2010. Some respected Chinese analysts think these predictions might even be too conservative.

But just how much a contribution to this performance will come from the Chinese textile industry, which has to cope with the crippling effects of rising costs and out-dated technology.

“Backward processing technology such as printing and dyeing has hurt the quality of our products,” admits Zhou Xiang, a specialist with the China Textile Institute.

China lags behind such fast-growing powers as Hong Kong and South Korea, who both have superior technology (although both are heavy investors in the Chinese textile industry). At the same time, the emergence of a bundle of export-processing zones in Pakistan, India, Bangladesh, Sri Lanka, Vietnam, The Philippines, Malaysia and Thailand offers consumers cheaper alternatives as Chinese labor costs rise.

The Japanese textile industry faced a similar situation some years ago—when one of the threats was China—but survived by moving labor-intensive operations overseas and moving to the top end of the market. China, at present, does not have the technological expertise to achieve the quality necessary to match this.

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But if Japan does impose quota restrictions, on top of those that already face Chinese products in Europe, for example, then the country simply has to find ways to move away from cheap, mass produced goods to lower output in the higher value-added sectors.

To prevent being squeezed out of the international markets, the national textile council has drawn up a blueprint for the industries survival, calling for a 25 percent reduction in output as part of the drive to improve efficiency and raise quality. By cutting back production at inefficient plants, the government can invest the savings in the more competitive ones.

It also calls for fostering more technology- and capital-intensive projects to raise competitiveness. Top exporters will get financial help to expand sales. Capital will also be raised increasingly on the stock markets for the best companies.

The government is also encouraging foreign participation. The national textile council estimates there are already 10,000 joint ventures with investment of more than 7 billion dollars, with most of the major textile multinationals already involved.

#### **Institutional Investors Avoid U.S. Bond Auction**

942A0574A Tokyo *NIHON KEIZAI SHIMBUN* in Japanese 10 Aug 94 p 15

[Text] Institutional investors such as life insurance companies have decided not to participate in the bidding for quarterly government bond offerings to be held by the U.S. Treasury Department on 11 August. Although concern about foreign currency risks have abated because of the pause in the strong yen trend, sources at Sumitomo Life Insurance Company's international investment department say, "There is the strong potential that the United States will tighten monetary policy and the high risk that the U.S. bond market will fall." An increasingly cautious attitude has been assumed towards bidding for U.S. government bonds, amidst speculation that monetary policy will be tightened as 16 August nears when the Federal Open Market Committee (FOMC) is scheduled to meet.

The return on 30-year U.S. Government bonds has risen to 7.5 percent, but most life insurance companies plan to stay out of the bidding process. Most life insurance companies such as Sumitomo Life Insurance Co. say, "Since we do not plan to buy for long-term holdings, there is no need to bid."

Sources at Nippon Life Insurance Company's international investment department state, "Interest rate gaps between Japan and the United States are narrowing, and investment in U.S. Government bonds have lost some of their appeal." Sources at Asahi Life Insurance Company's international investment department comment, "A dollar-yen exchange rate of 1 to 100 is not bad from a long-term perspective, but the United States is running the risk of inflation." Sources at Nomura Securities'

capital bond department remark, "You can't say there will be no full-scale tightening of monetary policy in the future." Thus, all three firms assume a passive stance on U.S. Government bonds.

Speculation that "Japanese institutional investors will participate in the bidding for U.S. Government bonds" caused the selling of yen and buying of dollars, and rumors about investment moves by Japanese investors seem to have affected foreign exchange markets. Sources at Nikko Securities' bond department indicate, "The majority of foreign bond specialists at life insurance companies feel that now is a buying opportunity in view of foreign exchange rates and interest rates prevailing in Japan and the United States, but most of them have suffered major declines in latent profits associated with stock investments and a concurrent drop in their capability to assume risks associated with investments in foreign bonds, and are not in a position to make a major shift in company investment policies."

#### **Ex-Im Bank To Increase World Bank Cofinancing**

OW1608095394 Tokyo KYODO in English 0936 GMT 16 Aug 94

[Text] Tokyo, Aug. 16 KYODO—The Export-Import Bank of Japan said it agreed with the World Bank on Tuesday [16 August] to boost joint project loans to developing nations by simplifying and standardizing cofinancing procedures.

Under the agreement signed in Tokyo, project scrutiny, supervision and other procedures that have previously been conducted separately will be unified and carried out by the Washington-based multilateral institution to speed up disbursement of project cofinancing.

To lighten risk exposure, however, the maximum amount of loans by the Japanese bank will be limited to 5 billion yen per project.

With the agreement, the Ex-Im Bank of Japan "will be able to provide appropriate and timely support for more projects in developing countries through the expansion of cofinancing with the World Bank in an accelerated manner and by fully utilizing the World Bank's experience and expertise," the Japanese bank said in a statement.

Since agreeing to begin cofinancing with the World Bank in 1987, the Ex-Im Bank of Japan has made commitments of more than 10 billion dollars to date in untied loans.

The enhanced cofinancing framework stemmed from a Japanese Government's initiative put forward at a joint meeting last September in Washington of the international monetary fund and the World Bank.

The Ex-Im Bank of Japan stressed that the new accord "is to complement the framework agreement signed in March 1987, and will not replace it."



Large-scale cofinancing projects or cofinancing with adjustment lending for purposes such as supporting the macroeconomic reforms of developing nations will be prepared and executed in accordance with the 1987 framework agreement, it said.

### **World Bank Floats Bonds to Japanese Investors**

942A0575A Tokyo NIKKEI KINYU SHIMBUN in Japanese 12 Aug 94 p 1

[Text] The World Bank will float deep discount bonds intended for Japanese investors for the first time in the Eurodollar markets. These bonds will pay interest that is lower than the prevailing rate, but the bonds will be deeply discounted from face value to compensate for the lower interest rate. The bonds are designed so that, even if the value of the yen rises further, foreign exchange losses will be absorbed up to a certain degree by profits accruing upon redemption of bonds; interest income at prevailing levels is ensured through the discount, and a high rate of return will be realized if the yen should decline in value. Because of the sharp appreciation of the yen, investors who think the yen's value will decline are looking for opportunities to invest in foreign bonds. Thus, there will probably be an increase in the issuance of foreign bonds which will provide for attractive investment opportunities even if the yen should rise in value contrary to forecasts.

The World Bank bonds will be issued in the amount of \$200 million and will be redeemable in five years. The lead underwriter will be Nomura and the issue is scheduled to come to market on 26 August. When AAA-rated issuers such as the World Bank float five-year Eurodollar-denominated bonds, the interest rate is set in the mid-6 percent range. The pending World Bank bond's interest rate has been set at the low rate of 4.5 percent, but the issue price has been discounted to 91.976 percent. The rate of return to buyers on a dollar basis will be 6.401 percent. The discount percentage is about 8 percent. The bond was designed so that, even if the yen should rise in value by about 8 percent in the five years before redemption, Japanese investors will be able to preserve the value of principal on a yen basis. If the value of yen should decline, they will realize a higher rate of return.

Japanese investors' desire to invest in foreign bonds has declined significantly because of the strong yen. Sources at Nomura Securities indicate as the dollar approached the 100-yen level, "An increasing number of investors felt the yen had gone too far." Since July, Nomura has underwritten six Australian dollar-denominated deep-discounted bond issues valued at \$600 million for purchase by Japanese investors. Those bonds were salable to individual investors, and the assessment is that investor preferences concerning investments have undergone a change. Nomura plans to market World Bank bonds primarily to individual investors.

### **Shift From Weak Dollar to Weak Yen Viewed**

942A0553A Tokyo NIKKEI BUSINESS in Japanese 8 Aug 94 p 39

[Article by Hiroshi Yamamura, director, NLI Research Institute, affiliated with Nippon Life Insurance Co.; in "Currency Trends" column]

[Text] At the end of 1993, this research center anticipated a considerably stronger yen in foreign exchange markets for fiscal year 1994 than the prevailing opinion. We assumed such a stance because the Japanese balance of payments surplus was hovering at a high level and it was thought that it would be extremely difficult to "achieve a sufficiently significant reduction in the surplus against our trading partners." However, the sharp climb in the value of the yen beyond the 100-yen threshold is clearly excessive and we believe it is time for a pause in the speculative move.

The first reason is that the recent movement in foreign exchange rates has been level primarily on the New York markets. It is a matter of a cheap dollar rather than a strong yen caused both by the existing Japanese balance-of-payments surplus and current concerns about U.S. inflation.

As is well known, the U.S. economy is expanding at a greater-than-anticipated pace and a rate of growth that exceeds underlying growth potential is raising fears of inflation. In this respect, the U.S. Federal Reserve Board switched to a monetary tightening policy at a surprisingly early stage in February 1994. Such an early measure will probably enable the U.S. economy to achieve a soft landing. We believe the dollar's weakness will eventually self-correct.

The second reason also rests with the United States. There is the view that the dollar will undergo a substantial decline because of the huge U.S. balance-of-payments deficit, but this argument is somewhat one-sided. A look at the causes of the balance-of-payments deficits in the 1980's and 1990's shows that the principal cause in the 1980's was a curtailment in savings because of excessive consumer spending and expansion in the fiscal deficit. However, the cause in the 1990's was the expansion in investment. An expansion in capital investment will cause the balance-of-payments deficit to increase for the short term, but will enhance competitiveness for the mid to long term and create a strong dollar. "This year's balance-of-payments deficit will expand. It may rise next year too, but this trend reflects differences in the economic cycles between different nations. U.S. competitive strength is not fragile," testified Lawrence H. Summers, under secretary of the treasury for international affairs, in a suggestive statement expressing optimism about the short-term growth in the balance-of-payments deficit.

The reason for the pause in the strong yen trend is the belief that the surfacing of inflation and the growing balance-of-payments deficit in the United States are not



of very serious proportions. Nevertheless, market participants tend to be finicky. If the U.S. inflation risk and the high level of the Japanese balance-of-payments surplus are considered, there would have to be a limit to the weakening trend in the yen. We believe the future will show continuing pressure in the way of a strong yen.

### Editorial Urges End to Price Cartels

942A0534A Tokyo ASAHI SHIMBUN in Japanese 5  
Aug 94 p 5

[Editorial: "Accelerate Abolishment of Officially Sanctioned Cartels"]

[Text] Cartels comprised of businessmen and organizations to coordinate prices and production quotas obstruct free and fair economic activities and undermine consumer interests.

Such acts are prohibited by the Antimonopoly Law, but many cartels still exist which are exempted from application of the law.

It would be welcomed if the government-authorized cartels would be quickly eliminated altogether for the purposes of proceeding with deregulation. Once eliminated, the scope of application of the antimonopoly law would expand and competition policy would be enhanced.

Exempt cartels were approved by interested government agencies based on individual laws in order to protect small businesses during the postwar recessionary periods. Such approvals were of an emergency relief type invoked during recessionary times with an ultimate goal to encourage structural improvements and conversions to other types of businesses. However, government agencies exercising jurisdiction and industry itself tolerated the continuation of such businesses even during periods of better economic times. There are some such businesses that now exist as vested interests.

During the latter half of the 1960's such cartels exceeded 1,000, but have now been reduced to just over 60. The reduction was brought about by the globalization of the economy and the diminishing effectiveness of cartels. A recent GATT agreement negotiated at the Uruguay Round provides for abolishment of voluntary export restraints, resulting in a sharp decline in the number of steel and textiles export-related cartels.

According to the Fair Trade Commission, more than a few cartels still exist which were exempted from enforcement of the law, but which are no longer functional.

The Wholesale Market Law, which recognizes cartels with the goal of preventing excessive competition in wholesale markets, has never been enforced since its establishment in 1971. And the law to stabilize the operation of pearl cultivators has never been enforced in the 20 years since implementation.

Even the cartel of barber shop unions which controls fees and the days shops are closed at the prefectural level do not completely control barber shop operations. The basic fee approved by the cartel averages 155 yen, but that rate varies substantially from the actual going rate. Even the days shops close and their operating hours vary between those operating in commercial districts and suburban residential areas.

The Fair Trade Commission is taking actions such as holding liaison meetings with interested government ministries and agencies and seeking their cooperation to arrive at decisions by the end of fiscal year 1995 to abolish cartels exempt from enforcement of the law.

However, cartels which have gone unused over a long period and those which are no longer functioning in a manner which satisfies their original objectives should be abolished immediately.

Unfortunately, responses from interested ministries and agencies are very vague. That attitude is reflected in the deregulation plan compiled at the end of June. The Administrative Reform Promotion Headquarters attempted to gain approval with the wording, "We will seek abolishment in principle within five years...." However, in the end, there was a retreat from that position to, "We will perform a review with a view towards abolishment in principle within five years...." "Perform a review with a view towards..." could lead to the failure to reach a decision to abolish the remaining cartels.

One reason for the strong opposition from interested ministries and agencies was probably the desire by bureaucrats to retain the current system to use as a crutch when issuing administrative guidance or the desire not to lose their means of maintaining current relationships with industry.

Some cartels that are exempt from enforcement of the Antimonopoly Law are covered by "industry laws" such as the Road Transportation Law, Marine Transportation Law, and Insurance Industry Law.

Interested ministries and agencies assert that cartels based on industry laws are not temporary, but are necessary as a means to provide safe and reliable services to the public. However, some cartels no longer have value because of changes in the economic environment. A review from this perspective is in order.

Unless the government itself takes the initiative to effect a fundamental reform of its cartel activities, the effectiveness of its deregulation efforts will be compromised.

### Editorial Urges Financial Market Reform

942A0573A Tokyo YOMIURI SHIMBUN in Japanese  
12 Aug 94 p 3

[Text] Amidst the controversy of a hollowing of industry based on a strong yen, hollowing is taking place in another sector; that is, in the Tokyo financial and capital markets.



Foreign stocks are increasingly being delisted from the Tokyo Stock Exchange. Foreign banks, which had consistently increased their presence in Japan, are now phasing down their Japanese branch operations and an increasing number of foreign banks are transferring their regional headquarters and operations to Hong Kong and Singapore.

Trading of Japanese stocks on the London Stock Exchange has ballooned to as much as 20 percent or even as much as 50 percent of individual issues traded on the Japanese stock exchanges. Chinese and Asian companies have bypassed Tokyo and are listing on the New York Stock Exchange. Although the issuers and buyers of corporate bonds are Japanese corporations, more than half of them are traded overseas.

Volume on the Tokyo Stock Exchange has fallen and even prices have a strong tendency to follow the pattern set in the New York Stock Exchange.

Several years ago, the Tokyo market was referred to as one that "exceeded the scale of the New York and London international financial centers," but such signs are nowhere to be seen today.

The hollowing of financial and capital (money) markets as well as the hollowing of industry (things) in Japan—which has a high savings rate, a balance-of-payments surplus of \$130 billion, and is the world's leading capital export nation—are movements which will lead to the decay of the Japanese economy. We must accelerate development of a comprehensive action plan.

Various causes are conceivable. Some elements which have an impact on the situation include the stagnant stock market following the collapse of the bubble, lack of enthusiasm by institutional investors such as life insurance companies, and high personnel and office rental costs.

However, fundamentally, there appears to be a problem with the high fees and costs for taxes and stock and bond trades and the inefficiencies imposed on the markets by regulations of the Ministry of Finance [MOF] in the area of product development and marketing operations.

Foreign corporations which have delisted from the Tokyo Stock Exchange mention as the reason for doing so "annual listing maintenance fees of 150 million yen and a morass of red tape."

A major reason for the relocation of financial and capital transactions to overseas markets is the securities transaction tax which, is being abolished in Europe and the United States, and the stock exchange tax, which is totally unknown in principal nations of the world.

Stock brokerage fees were deregulated for trades in excess of 1 billion yen in April 1994, but the fixed fee system is still firmly in place.

Although they speak of financial deregulation, government agencies such as the MOF are forever meddling in

private-sector affairs and are frequently criticized as interfering with the development of innovative financial products.

The Tokyo markets are about to be overtaken by the New York markets, where bold new forms of financial products proliferate, and by Hong Kong and Singapore, where government policies dictate the creation of world-class financial centers.

The MOF and Tokyo Stock Exchange have finally initiated some action such as a situation survey and work on system improvements.

However, this is not adequate. They need to conduct a comprehensive causal survey. In addition, the Japanese Government in its entirety must clarify itself as to whether its policy is to build the Tokyo markets into a world-class financial center. If the answer is positive, it must restudy the status of taxes such as the securities transaction tax and controls over new financial products.

The sophistication of financial derivatives has made it difficult for government to understand the markets. Banks and securities firms which comprise the market place occupy a position where they should be more assertive. Exercising that prerogative would exemplify deregulation.

The financial industry should also exert efforts in the area of lowering fees and financial product development.

### **FTC To Deregulate Rules on Venture Capital**

*OW1608091694 Tokyo KYODO in English 0853 GMT 16 Aug 94*

[Text] Tokyo, Aug. 16 KYODO—The Fair Trade Commission (FTC) will relax rules that restrict activity of venture capitals in a bid to support promising companies and thus promote creation of new business in Japan, FTC sources said Tuesday [16 August].

The FTC will flexibly enforce the Antimonopoly Law so that venture capitals can acquire outstanding shares of companies, the sources said.

Currently, venture capitals, investment companies intended to foster small firms with growth potential through fund infusion, are allowed only to hold up to 49 percent of new share issues of firms.

Under the new rules, venture capitals will also be able to send top executives to venture companies, the sources said, noting this will facilitate flows of important business information such as management know-how and marketing data from venture capitals to venture firms.

The new steps will be included in new guidelines on the enforcement of the Antimonopoly Law, set for announcement in late August, the sources said.

In Japan, new business creation is being urged in various sectors as a way to cope with the rapid hollowing out of industries amid the changes in business environment.



But banks, burned when the bubble economy of the late 1980s burst, are now reluctant to step up loans for high-risk operations, such as those by venture companies.

There are about 120 venture capitals in Japan but their activity has been lackluster due to a web of rules and regulations.

#### **KDD, NTT To Form Corporate Telecom Service**

*OW1508112894 Tokyo KYODO in English 1010 GMT  
15 Aug 94*

[Text] Tokyo, Aug. 15 KYODO—KDD [Kokusai Denwa Denshin Co.] and Nippon Telegraph and Telephone Corp. (NTT) have basically reached a tie-up agreement on international corporate private telecommunications service involving AT&T Corp. of the United States, industry sources said Monday [15 August].

The two Japanese telecom companies are planning to sign a final agreement in September, they said.

KDD and NTT will launch a virtual private network (VPN) service that enables corporations to use payphone circuits for extension calls anywhere between Japan and the U.S.

Permitted in January by the Japanese Government, the service will free corporations from having to set up dedicated lines, while communications charges will generally be lower, the sources said. It is already legal in the U.S.

NTT began its VPN service domestically in February and other Japanese telecommunications are expected to follow suit this fall.

An international consortium set up in May last year, "world partners," which lists KDD and AT&T as its members, will organize the service, the sources said.

NTT, whose activities are limited to domestic business, plans to serve as the sole agent in Japan for the international vpn enterprise.

They said KDD and NTT already have a general agreement on connection of circuits but further accords are necessary due to the level of the degree of technology required for the service.

#### **NEC Wins TELMEX Contract**

*942A0571A Tokyo NIKKEI SANGYO SHIMBUN in  
Japanese 10 Aug 94 p 6*

[Text] NEC has received from Telefonos de Mexico (TELMEX; Mexico City) a contract valued at an estimated 300 million yen for three types of synchronous digital hierarchy (SDH) optical telecommunications systems. SDH, which enables high-speed transmissions, is said to be the core technology for next-generation telecommunications networks along with asynchronous

transfer mode (ATM) systems. The contract includes the "600W" which is capable of transmitting at the speed of 600 megabits (one mega equals 1,000,000) per second and represents the first order of its kind on a global basis. TELMEX will use the system in Mexico City as part of its next-generation telecommunications network.

The Mexican economy has been stimulated by the implementation of the North American Free Trade Agreement (NAFTA) and has an urgent need to enhance its telecommunications infrastructure. NEC plans to use the recent order as a basis for expanding its future orders relative to the installation of next-generation telecommunications systems in that country.

The contracting agency for NEC was the local corporation known as NEC Mexico (Mexico City). The contract included three types of SDH systems—45 "600W's," 33 "150A's," and two "600T's"—which were manufactured in Yamato, Miyagi-ken and have already been exported and delivered. Local manufacture in Mexico will be considered in the future in view of the continuing high value of the yen.

SDH stipulates the bit rate for interfacing networks and switching systems and is a technology which accommodates digital and optical systems. The "600W" is the newest system, which enables connections of low-speed (2 megabits) to high-speed (155 megabits) branch line transmission circuits without the use of cross-connectors, thus allowing a major reduction in network operating costs. TELMEX aims for service enhancements through the early adaptation of the newest systems.

NEC has accumulated more than 120 billion yen in orders for Mexican telecommunications equipment, but this is the first time it has delivered SDH systems. Mexico, which is undergoing economic expansion, is converting its existing telecommunications transmission systems to the SDH format and is expected to extend the program to other principal Mexican cities.

NEC states, "Our goal is to win annual orders of 3 billion yen in SDH systems from Mexico."

#### **New PHS Joint Venture To Start Up in Fall**

*942A0572A Tokyo NIHON KEIZAI SHIMBUN in  
Japanese 9 Aug 94 p 8*

[Text] On 8 August, 10 companies, including the new regional telegraph and telephone company Tokyo Tsushin Network (TTNet), Japan Telecom, Mitsui and Co., and Mitsubishi and Co., announced they were in the planning stage of establishing a company to commercialize personal handyphone systems (PHS). The company will be established on 12 September and plans are to begin service in the Kanto area in the fall of 1995. Dainidenden (DDI) has already established a company in the planning stage to offer PHS service and Nippon Telegraph and Telephone (NTT) has also announced that a subsidiary will enter the PHS business. The recent



announcement by the "third alliance" creates a scenario in which the three groups will compete in the PHS market.

The company in the planning stage will be named "Telewalker Tokyo Planning." Its headquarters will be located in Minato ward of Tokyo and will be capitalized at 250 million yen. TTNNet, Japan Telecom, Mitsui, and Mitsubishi will each invest 14.5 percent of the capital as major shareholders. Sumitomo, Tokyo Telemesssage (a portable pager firm), Tokyo Electric Power, Nippon High-Speed Communications, and Higashinippon Passenger Railway (JR Higashi Japan) will each contribute 8 percent; and Kokusai Denshin Denwa (KDD) will contribute the remaining 2 percent.

Takeshi Eguchi, former vice chairman and current consultant at Mitsubishi and Co., will be appointed president. Eiichi Otomo, vice president of Tokyo Electric Power and TTNNet adviser; and Kazuya Yoshida, managing director of Japan Telecom will be appointed vice presidents; other executive appointments have not been made. The company will start with about 50 employees who will be augmented on a gradual basis. The company, which is in the planning stage, will automatically convert to operational status at the beginning of next year.

The company will first establish operations in the area encircled by National Highway 16 and then expand into all principal urban areas of the Kanto region. System usage fees will be based on the results of a survey conducted among participants in a test operation of the system and will include a basic fee of 3,000 yen a month and per call fee of 30 to 50 yen for three minutes.

In regions other than Kanto, Kazuo Fujimori, president of TTNNet, states, "PHS commercialization plans have been developed among the nine regional new common carriers affiliated with the electric power companies." It is expected that the companies involved in the above joint venture and leading regional companies will form jointly capitalized companies in their planning stage.

PHS land stations will be linked by integrated services digital network (ISDN) circuits, but will be dependent initially on existing NTT circuits to accelerate systems implementation. They could use telecommunications circuits of Japan Telecom laid along railway lines or the 10,000 kilometers of optical fiber circuits laid by TTNNet in the Kanto area, but for the near term they will use NTT circuits and their own independent lines because of a large number of land stations.

#### **Police Concerned About Telephone Hackers**

942A0570A Tokyo NIHON KEIZAI SHIMBUN in Japanese 5 Aug 94 p 31

[Text] A technique of the "international telephone hackers" uncovered by the Tokyo Metropolitan Police Department is a new type of crime which involves the use of confidential signals in the illegal manipulation of telephone switching systems. Kokusai Denshin Denwa

Company (KDD) is troubled by the complexity of the problem and described it as "a very pernicious and clever crime." Industry sources are alarmed at the ease with which switching systems have been illegally manipulated.

The three suspects who have been arrested used "international operator direct call" (IODC) services in committing their hacking activities. This system allows the user to dial "0039" followed by the country code and direct contact with the operator overseas without going through KDD and is often used by foreigners visiting Japan when they make calls to their native countries.

With this service, the telecommunications firm of the country called bills the caller for the long-distance fees. The three suspects would call the foreign operator and opt for payment as a collect call. They would first transmit by personal computer a signal instructing the switching system of the country called of a cancellation of IODC service, followed by an immediate transmission of a signal indicating payment of long-distance fee will be handled by KDD. As a result, switching systems of both KDD and the country called recognize that billing is not to be handled by them and payment billing ends up with no place to go.

The the communications signal that was used illegally was established by the International Telecommunications Union and is not available to the public. However, according to the Tokyo Metropolitan Police Department, how-to manuals for "telephone hackers" are available in Europe and the United States, and six suspects were apprehended in New Zealand for committing the same type of violation. Rogel and other suspects are believed to have obtained information on telecommunications signals from overseas sources.

On the afternoon of 4 August, KDD Public Relations Chief Tatsuo Nakagawa at KDD headquarters in Nishi-shinjuku, Tokyo, announced that KDD had installed a system to detect illegal activities of this kind since the discovery of the violations in November 1993. However, Nakagawa states, "The system catches the violations after the fact and cannot catch the violation in the process of execution and cut off the illegal telephone call."

KDD and international telecommunications companies from 60 nations meet bimonthly to discuss measures to be taken against illegal telephone calls and KDD plans to discuss actions to be taken against the recent type of violations with foreign telecommunications companies.

#### **North Korea**

#### **Reportage on Outcome of Geneva Talks Continues**

##### **Delegation Head on Joint Statement**

SK1308144494 Pyongyang Korean Central Broadcasting Network in Korean 1304 GMT 13 Aug 94

[Text] In connection with the fact that the DPRK and the United States of America had adopted an agreed



statement [habui songmong] at the third round of DPRK-U.S. talks, Kang Sok-chu, first vice foreign minister and head of the DPRK delegation, gave a news conference in Geneva.

In the news conference, he said: The sides reached agreement on important issues and released a statement after making sincere and powerful efforts for a long time.

This statement is a very profound and meaningful [maeu muge ikko uiui innun] historic document.

As revealed in the statement, the most important issue is that the sides made clear the final destinations [choejong chongchakchomdurul hwakkohuihago] that we and the United States, which are in abnormal [pijongsangjok] relations at present, must reach and reached agreement on them.

The statement is a mere one or two pages long. However, it contains many very significant and profound contents [aju uiui ikko muge innun].

One of the important issues on which agreement was reached this time is that we expressed our will to freeze the graphite-moderated reactors, the basis of our self-reliant nuclear power industry, and that the United States, corresponding to this, promised to assure the supply of light-water reactors.

Also, agreement was reached that the United States would make compensation for our freezing the graphite-moderated reactors. Such compensation is our just and reasonable [chongdanghago tadanghan] demand, and such compensation should be made as a matter of course [ungdang kuroke tocoyahanda]. In other words, in return for our freezing the graphite-moderated reactors, we intend to receive light-water reactors and compensation, as well. This is the most important and basic problem in resolving the nuclear issue.

Measures to normalize relations between the DPRK and the United States will follow to make legal assurances for supplying light-water reactors and making compensation and to provide legal and systematic mechanisms necessary for implementing those assurances.

The fact that, as mentioned in the statement, we and the United States, which have very abnormal relations, agreed to open a diplomatic representative office [oegyo taepyobu] in each other's capital is of very great significance. Because agreement was reached on such an issue, I called the statement a very profound document.

Agreement was reached on other important issues, as well, and agreement was reached to continue discussions on other issues.

What is important at present is that the two sides will implement the agreement well.

As it promised, the United States must definitely [hwakko hui] assure the supply of light-water reactors

and make compensation for our freezing the graphite-moderated reactors. We are of the position that, at such a time, we will take corresponding measures. In other words, we intend to take measures on a step-by-step basis to freeze the graphite-moderated reactors depending on the United States' assuring the clear-cut and definite supply of light-water reactors and making practical compensation for our freezing the graphite-moderated reactors until we receive light-water reactors [tasi malhamyon, migugi myongbaek hago hwakkohan kyongsuro chegongul tambohago uriga kyongsurorul padulttaekkaji hugyonno tonggyore taehan silchonjogin posangjochirul chwihanunde ttara urido tonggyol chochirul tangyejoguro chwihae najajanungosida].

For this, many complicated practical problems [pokchapan silmujok munjedul] will be raised. Both sides intend to solve them through mutual agreements. Although there is a long way to go and there are many complicated and sensitive problems, I am sure that the problems will certainly be solved when both sides make sincere efforts [ssangbangi chinsimuro noryokhamyon olmadunji haegyolhal su ittanun hwaksinul kajige toenda].

Then, he answered a series of questions posed by reporters. He said:

The United States has agreed with us that it will provide us with light-water reactors on its own responsibility [chaegim chigo]. It is the responsibility of the United States with which countries it will discuss the supply of light-water reactors and how it will be realized.

Further discussions on the issue of whether we choose the [word indistinct] power plant and oil as compensation for the loss derived from freezing our graphite-moderated reactor must be held. Therefore, the sides have decided to handle this issue in expert-level negotiations, as noted in the statement.

We have never admitted [injong haebonjokto opkko] special inspections, nor can we receive [choltaero chop-suhal su optta] them. The special inspections have been created by some insidious groups [ilbu pulsun kyecheduri kkumyonaen kosigo] of the International Atomic Energy Agency and are a result of the agency's unfairness [kigu pulgonjongsongui sanmul].

The issue of guaranteeing the transparency of nuclear activities [haek hwaltongui tumyongsong pojang munje] is utterly influenced [chonjoguro chwaudoenda] by whether the agency's unfairness will be completely removed [haeso].

The used fuel rods removed from the five-megawatt reactor are safely kept in storage tanks. The sides intend to resolve the issue of dealing with the fuel rods through working-level negotiations.

It is important that in the recent negotiations it was agreed not to reprocess the used fuel rods under the condition of keeping them dry for the long term, and to



close [pongin] the radiochemical laboratory and guarantee the agency's supervision of it under the condition of not reprocessing the fuel rods. This shows our will to freeze our nuclear activities.

The sides have decided to discuss the issues of whether the diplomatic missions to be established will be liaison offices or liaison missions and when the missions will be established in working-level negotiations.

We will decide when to return [pokkwil] to the Nuclear Nonproliferation Treaty when the agency's unfairness is completely removed and when DPRK-U.S. relations are normalized.

He said that today's talks were useful [yuik], sincere [chinji], businesslike [silmutok], and productive [saen-sanjok].

### **Text of DPRK-U.S. Agreement**

*SK1308110694 Pyongyang KCNA in English 1057 GMT 13 Aug 94*

["Agreed Statement Between DPRK and USA"—KCNA headline]

[Text] Pyongyang, August 13 (KCNA)—An agreed statement between the Democratic People's Republic of Korea and the United States of America was published at the third round of DPRK-USA talks in Geneva on August 12.

The statement reads:

Agreed statement between the Democratic People's Republic of Korea and the United States of America:

The delegations of the Democratic People's Republic of Korea (DPRK) and the United States of America (USA) met in Geneva from August 5-12, 1994, to resume the third round of talks.

Both sides reaffirmed the principles of the June 11, 1993, DPRK-USA joint statement and reached agreement that the following elements should be part of a final resolution of the nuclear issue:

1. The DPRK is prepared to replace its graphite-moderated reactors and related facilities with light water reactor (LWR) power plants, and the USA is prepared to make arrangements for the provision of LWRs of approximately 2,000 mw(e) to the DPRK as early as possible and to make arrangements for interim energy alternatives to the DPRK's graphite-moderated reactors. Upon receipt of USA assurances for the provision of LWRs and for arrangements for interim energy alternatives, the DPRK will freeze construction of the 50 mw(e) and 200 mw(e) reactors, forego reprocessing, and seal the radiochemical laboratory, to be monitored by the IAEA [International Atomic Energy Agency].

2. The DPRK and the USA are prepared to establish diplomatic representation in each other's capitals and to

reduce barriers to trade and investment, as a move toward full normalization of political and economic relations.

3. To help achieve peace and security on a nuclear-free Korean peninsula, the USA is prepared to provide the DPRK with assurances against the threat or use of nuclear weapons by the USA, and the DPRK remains prepared to implement the North-South joint declaration on the denuclearization of the Korean peninsula.

4. The DPRK is prepared to remain a party to the treaty on the non-proliferation of nuclear weapons and to allow implementation of its safeguards agreement under the treaty.

Important issues raised during the talks remain to be resolved. Both sides agree that expert-level discussions are necessary to advance the replacement of the DPRK's graphite-moderated program with LWR technology, the safe storage and disposition of the spent fuel, provision of alternate energy, and the establishment of liaison offices. Accordingly, expert-level talks will be held in the DPRK and USA or elsewhere as agreed. The DPRK and USA agreed to recess their talks and resume in Geneva on September 23, 1994.

In the meantime, the USA will pursue arrangements necessary to provide assurances for the LWR project to the DPRK as part of a final resolution of the nuclear issue, and the DPRK will observe the freeze on nuclear activities and maintain the continuity of safeguards, as agreed in the June 20-22, 1994, exchange of messages between First Vice-Minister of Foreign Affairs Kang Sok-chu and Assistant Secretary of State Robert L. Gallucci.

[Issued] Geneva, August 12, 1994.

### **Kang Sok-chu Interviewed 13 Aug**

*OW1408095494 Tokyo YOMIURI SHIMBUN in Japanese 14 Aug 94 Morning Edition p 1*

[By correspondent Kunihiko Yamaoka]

[Text] Geneva, 13 Aug—Kang Sok-chu, first vice foreign minister of North Korea—who served as the chief North Korean delegate at the U.S.-DPRK high-level talks—granted an interview to YOMIURI SHIMBUN and NHK-TV on the afternoon of 13 August at the North Korean Mission in Geneva. Commenting on the prospects for resuming the Japan-DPRK normalization talks that have remained stalled since January 1992, the North Korean official said, "Although the Japanese prime minister is from the Social Democratic Party of Japan, the question is what policy his government will adopt." In this way, he indicated that North Korea will take the position of waiting for an initiative from Japan in connection with the resumption of the stalled Japan-DPRK normalization talks.



In the interview, First Vice Foreign Minister Kang also stated: "A fundamental issue in the Japan-DPRK normalization talks is the matter of how Japan will compensate for its past colonial rule. Japan is responsible for breaking off the talks by raising the nuclear issue and the issue of Yi Un-hae." Thus, he stressed that Japan is responsible for breaking off the talks.

Asked why Secretary Kim Chong-il has still not been elected president, the North Korean official said: According to Korean tradition, people observe a three-year period of mourning following the death of their parents. The North Korean people's grief over the death of President Kim Il-song is so deep that our nation is not in any condition to hold a conference to elect a new president. Supreme Commander Kim Chong-il has been at the helm of the party, the state, and the military for more than 20 years. He will be formally announced as the successor to the late President Kim Il-song. It is a matter of time."

Referring to the issue of shifting to a light-water reactor and the issue of suspending the operations of the current graphite-moderated reactor, he pointed out that activities involving the five-megawatt reactor, the spent fuel rods, and the radio-chemical laboratory have been suspended. Saying that no agreement has been reached between North Korea and the United States on suspending the construction of the 50-megawatt and 200-megawatt reactors, he stated that North Korea will begin taking measures to suspend such operations if the United States gives North Korea a guarantee in writing that it will provide North Korea with a light-water reactor.

In the interview, the North Korean official also stated that at the third round of the U.S.-DPRK talks, both sides agreed to establish an expert-level meeting divided into four subcommittees. The subcommittees will deal with: 1) assistance for North Korea's shift to the light-water reactor; 2) the establishment of liaison offices in the two countries; 3) the handling of spent fuel rods; and 4) alternative energy. He also added that the four subcommittees will begin discussions shortly.

Referring to the issue of conducting special inspections of North Korean nuclear facilities, he implicitly suggested resolving the issue in the future, saying, "The issue will be resolved as mutual confidence improves between the United States and North Korea and between North Korea and the International Atomic Energy Agency (IAEA).

#### **U.S. 9 Aug Nocturnal Aerial Exercise Denounced**

*SK1308091094 Pyongyang Korean Central  
Broadcasting Network in Korean 2200 GMT 11 Aug 94*

[Text] According to a military source, the U.S. imperialist aggressors on 9 August conducted a provocative combined nocturnal aerial strike exercise aimed at our Republic with the skies over the South Korean area as an operational stage.

Mobilized in this criminal war rehearsal, which was conducted for long hours in the skies over Tokchokto, Anmyondo, and Oeyondo, were some 160 planes, such as several formations of pursuit-assault planes that had flown from the bases in Japan, the fighter-bombers, assault planes, and reconnaissance planes of the U.S. 7th Air Force and the puppet Air Force.

This war commotion perpetrated under the command of the E-3 aerial command plane flown from their overseas base, was a reckless fire game aimed at enhancing the cooperative command of the flight units of the U.S. Navy and Air Force and the puppet Air Force and the combined surprise nocturnal aerial strike capability against the strategic facilities deep in the northern half of the Republic.

The U.S. warmongers should stop all the war commotions provoking us behind the DPRK-U.S. talks.

#### **'Emergency Mobilization' Preparation**

*SK1308084194 Pyongyang Korean Central  
Broadcasting Network in Korean 2200 GMT 11 Aug 94*

[Text] According to a military source, on 9 August, the U.S. imperialists waged another round of aerial mobile and deployment exercise aimed at a northward invasion by mobilizing fighter planes from their overseas bases into the skies over South Korea.

That day, a series of about 20 pursuit-assault planes, and vertical takeoff and landing assault planes flew into U.S. Air Force bases in South Korea from their bases in Japan.

This provocative aerial mobile and deployment exercise was designed by the U.S. Marine Corps and flying corps of the fleet to examine their preparedness for an emergency mobilization into the Korean peninsula.

Prior to this, at around 1220 on 8 August, a KC-135 midair refueling plane, which had flown from its base in Okinawa into the skies over the sea off Kunsan, South Korea, was bent on a refueling exercise of several tens of fighter planes—belonging to the 7th U.S. (?Air Force)—mobilized for the aerial war exercise, while flying over this area for a long time.

This provocative midair refueling exercise was waged under the command of the E-3 aerial command plane that had been mobilized from an overseas base.

#### **ROK's DP Criticizes 'Security-Oriented' Rule**

*SK1308044694 Pyongyang KCNA in English 0422  
GMT 13 Aug 94*

[Text] Pyongyang, August 13 (KCNA)—Yi Ki-taek, chairman of the opposition Democratic Party [DP] of South Korea, at a newsbriefing on August 12 expressed serious concern over the scheme of the present "regime" to foster the "security-oriented political situation" and



declared that his party would show a tough response, according to a radio report from Seoul.

He contended that the "National Assembly" slated in September must preferentially deal with the abuse of the "National Security Law" over which even the U.S. State Department expressed concern.

Pointing out that it is a suppression of the democratic forces for the present "regime" to threaten even Yi Pu-yong, a "National Assemblyman" from the Democratic Party, by invoking this evil law, Yi Ki-taek urged the authorities to promptly give up the scheme of "security-oriented rule" intended to turn the society back to the past days of military dictatorship.

He demanded an immediate release of the co-leader and executive chairman of the South side headquarters for the promotion of the pan-national rally, saying that their sudden arrest is a serious violation of human rights.

### **Repeal of ROK National Security Law Urged**

*SK1308043694 Pyongyang KCNA in English 0427 GMT 13 Aug 94*

[Text] Pyongyang, August 13 (KCNA)—The spokesman for the puppet Foreign Ministry of South Korea on August 11 made provocative remarks that the "'National Security Law' could not be repealed", a Seoul-based radio reported.

This is an intolerable criminal utterance once again revealing to the world the true color of the puppets as fascist thugs who intend to continue the bestial "scorched-earth" offensive against the pro-reunification patriotic and democratic forces as a whole, going against the trend of the times.

In fact, the "National Security Law" defining the North as an "anti-state organisation" is a brake on reunification and a tool of human rights violation strangling democratic forces in South Korea.

It being the worst law, even the U.S. State Department in a recent special statement demanded the revision or repeal of the law.

The spokesman for the puppet Foreign Ministry complained that the demand of the U.S. State Department was "improper" and made a poor excuse, claiming that the "National Security Law" was not abused now as in the past. This was a clumsy ruse to quell public opinion at home and abroad demanding the abolition of the fascist evil law.

The South Korean puppets defended themselves, saying that the "National Security Law" cannot be repealed because of the division of Korea. But this is a contradictory sophism.

By declaring that they would continue to wield the notorious "National Security Law" that criminalizes

contacts, dialogue and visits between the fellow countrymen in the North and the South and harshly penalizes even a telephone call and correspondence, they revealed the confrontational stance as splittists to freeze national division.

The "National Security Law" is a rubbish of the times which should have been thrown into dustbin of history long ago.

### **'Ruling Bunch Remains Obstinate'**

*SK1408051394 Pyongyang Korean Central Broadcasting Network in Korean 1223 GMT 13 Aug 94*

[Commentary by station commentator Yun Pyong-son: "Obstinacy Which Will Not Work"]

[Text] As is known, the U.S. Department of State recently issued a special statement calling upon South Korea to revise or abolish the National Security Law [NSL], expressing its concern that the South Korean ruling bunch is applying the NSL to indiscriminately arrest youths, students, and other citizens.

This notwithstanding, the South Korean ruling bunch remains obstinate, saying they cannot abolish the NSL.

According to a news report, the so-called foreign minister of the puppets met with U.S. Ambassador to Seoul Laney on 12 August in connection with the U.S. Department of State's call for a revision or abolition of the NSL. Clamoring about so-called regrets and so on, he babbled that the question of revising or abolishing the NSL is a matter which should be judged by the Koreans themselves.

On that day, a so-called spokesman for the Democratic Liberal Party also babbled that this is a matter which should be decided by the Koreans themselves and is not the business of the United States.

In other words, they say this is interference in their internal affairs. This is ridiculous and impudent.

Though they are colonial stooges, they are clamoring to their master about interference and such. This is facetious gibberish.

Even their master has called for an abolition of the NSL.

Calling for abolition of the notorious NSL is an urgent demand of the times.

This is not only a demand of the U.S. Government, but also a unanimous call by the South Korean people as well as people throughout the world.

This notwithstanding, they dare try to avoid what is right, while clamoring about regrets or babbling that it is a matter that should be judged by themselves. This is a spiteful challenge to the world and the demands of the time.

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Moreover, what we cannot but take seriously is that the so-called foreign minister of the puppets is openly clamoring that the NSL is still necessary under the circumstances in which the South and North were divided.

As everybody knows, reunification as called for by us is not reunification by communization or reunification by force of arms, but reunification through a confederal system based on the grand unity of the nation.

Our position is clearly shown by the proposal for achieving reunification through a confederal system based on one nation, one state, two systems, and two governments.

On the basis of the principle of coexistence in which no one devours, or is devoured by, the other, we are calling for the reunification of the country. Under this condition, what good is the NSL which stipulates that the northern part of the republic is an antistate organization and the compatriots in the North are regarded as the enemy which should be gotten rid of?

The NSL is really an obstacle to the reconciliation and unity of the North and South which remain divided, as well as to reunification. It is an evil law that ought to be disposed of.

Under the pretext of division, the Kim Yong-sam puppet clique sticks to the fascist NSL which regards even the exchange of visits, contacts, exchange of letters, and telephone communication between compatriots as the target of harsh punishment. This only exposes their hidden plan to continue to pursue the North-South confrontation, while keeping the law as it is.

The puppets are clamoring that the NSL was once abused during the previous regimes, but this is not the case at the moment, while babbling that there are exceptional cases. This is also nothing but a poor excuse.

A new security-oriented rule, which far exceeds the security-oriented rules during the Fifth and Sixth Republics, is being viciously exercised. The stark reality in today's South Korea is that even those who have expressed their condolences over the inauspicious event of the nation—as well as those who are calling for independence, democracy, and reunification—are punished in accordance with the NSL.

Though they are using the NSL as an all-powerful means to suppress people and maintain their power, they are acting like sly dogs, saying so-called democracy exists in South Korea while babbling about so-called exceptional cases. This is a mockery to the public will at home and abroad as well as a shameless sophistry.

In a word, the Kim Yong-sam ring is trying to continue to mercilessly hack to pieces the democracy and civil rights of the South Korean people by continuing to maintain the NSL, using the law to block reunification, and solidifying the fascist dictatorship.

Even today, when abolition of the NSL is the demand of the times, the Kim Yong-sam ring is persistent in trying to maintain the law. They are a group of wicked enemies of the nation who should be severely judged and punished [chodan] by the people.

The NSL, which has already completely lost its *raison d'être* from the viewpoint of either the circumstances in which the law was illegally cooked up or its reactionary nature, should be abolished without delay.

If the Kim Yong-sam puppet clique is trying to continue to maintain the NSL—the antireunification, fascist, evil, and lethal law—while turning away from the demands of people at home and abroad, they will face a shameful end in the presence of the people's stronger resistance.

### **ROK 'Puppets' Commit Military Provocation**

*SK1308041494 Pyongyang KCNA in English 0409 GMT 13 Aug 94*

[Text] Pyongyang, August 13 (KCNA)—The South Korean puppets perpetrated a military provocation on August 11 by bringing two recoilless guns into the demilitarized zone, military sources said.

The guns were installed at a post of the enemy side near a post of the North side overtly in broad daylight. The armed bandits of the puppet army leveled the guns at the post of the North side and took a firing posture several times, threatening the safety of soldiers of the Korean People's Army.

### **ROK 'Resolution' on North's Human Rights Viewed**

*SK1308104094 Pyongyang KCNA in English 1030 GMT 13 Aug 94*

["S. Korea Advised To Mind Its Own Business"—KCNA headline]

[Text] Pyongyang, August 13 (KCNA)—"The Foreign Affairs and Unification Committee" of the South Korean puppet National Assembly adopted "a resolution" on August 9 by fabricating "the situation of human rights" of the North. On the same day, "the Minister of Unification Board" of South Korea Yi Hong-ku droveled about the North's "human rights problem" in his "answers" to "the committee."

In this regard, a MINJU CHOSON today says:

In our country where the popular masses are the masters of the country there are neither exploited people nor oppressed people. "The problem of human rights" brought forward by the South Korean puppets is a fabrication aimed at slandering the North.

It is not the North but the South that has the human rights problem.

The analyst further says:



It is South Korea where not only the movement of the people for independence, democracy and reunification but also the struggle of workers and peasants for vital rights are suppressed at the point of the bayonet and many innocent people are taken to prison, handcuffed, and are crippled by the police iron bars and teargas every day. It is also South Korea where the people are gagged and bound hand and foot, their ears stuffed, by "the National Security Law" and other fascist laws.

Clear is the purpose of their outcries over the North's "human rights problem." The Kim Yong-sam group has been frustrated in its attempt to seek "an international cooperation system" over the fictitious "nuclear issue" of the North. And it has been bitterly rebuked by the fellow countrymen and world people for its rash acts concerning the sudden misfortune of the North.

Upset by this, the puppets launched such a smear campaign in the hope of diverting elsewhere the hatred directed at them.

This is, however, a foolish act. The more loudly the puppets cry over the North's non-existent "human rights problem", the more fully their ugly color as truculent violators of human rights and fascist dictators is revealed.

#### **ROK Minister's Reunification Comments Denounced**

*SK1308113294 Pyongyang KCNA in English 1114 GMT 13 Aug 94*

[*"Unification Through Absorption" Means Confrontation Which Leads to Conflict and War; CPRF Statement*—KCNA headline]

[Text] Pyongyang, August 13 (KCNA)—The Committee for the Peaceful Reunification of the Fatherland (CPRF) released a statement Friday denouncing the South Korean rulers' anti-North confrontation campaign which has reached a reckless stage.

The statement says:

The anti-North confrontation campaign of the South Korean rulers has reached an irrevocable, reckless stage.

On August 8 and 9, the South Korean "minister of the Unification Board" at a lecture before university professors and in "government answers" at "The Foreign Affairs and Unification Committee of the National Assembly" unhesitatingly blared that "it is the stand of the South Korean Government to realise the unification through absorption of the North without delay when the opportunity presents itself, even if it costs a great deal", and the South "must be prepared for any sacrifice in unifying the country by absorbing the North."

We cannot overlook the fact that "the minister of the Unification Board," who is in charge of "unification

affairs," dared cry for "unification through absorption" as "the government's position." We take a serious view of this.

The CPRF bitterly denounces in the name of the whole nation the Kim Yong-sam group which, while advertising "civilian administration," openly cried for "unification through absorption", considering this to be a premeditated act of proclaiming confrontation between the North and the South and unilaterally and completely nullifying North-South top-level talks.

As for the outcry of the South Korean rulers for "unification through absorption," we feel no need to explain it or to be surprised.

"Unification through absorption" is their ulterior intention which can never be concealed and their sinister scheme which they have long since pursued.

It is well known a fact that the Kim Yong-sam group has persistently tried to realize their foolish dream of "unification through absorption," while stating that it has no intention to do it.

The traitor Kim Yong-sam himself issued "an emergency alert order" to the puppet army and put the puppet police on an "A-class emergency alert" by politically abusing the sudden misfortune of the North, his dialogue partner, to level the guns to the fellow countrymen in the North who were in deep grief. Worse still, he did not express condolences but suppressed at the point of the bayonet many patriotic people and students who were expressing condolences, by invoking the notorious "National Security Law." This was enough to reveal his sinister intention to realise his wild ambition for "unification through absorption," refusing North-South top-level talks.

Already one month ago, the South Korean rulers claimed that the summit talks should be discussed again from the beginning and even Kim Yong-sam said, "North-South summit talks should be held in Seoul first, not in Pyongyang and changing its venue." In this way, they scrapped the agreement between the North and the South on the opening of top-level talks and revealed their design to "unify the country by absorbing the North."

It must not go unnoticed that the day when "the minister of the Unification Board" cried that "unification through absorption" must be achieved, "even if it costs a great deal," Kim Yong-sam "ordered the increase of financial potential for unification," making it plain that they were abandoning all dialogues, even the summit talks, and set it as their general goal to attain their objective of "unification through absorption."

Thus, the South Korean rulers totally refused dialogue with the North. And "the minister of the Unification Board" in charge of dialogue clearly proved this by his insidious remarks.



"Unification through absorption" means confrontation and confrontation immediately means conflict and war. It cannot be construed otherwise.

The South Korean authorities can never evade the responsibility for driving the North-South relations again to a dangerous phase of confrontation and war. They must be held wholly responsible for all the consequences arising from this.

Since the Kim Yong-sam group declared a total showdown with the North, impudently dreaming of "unification through absorption," it is our inviolable right to take an appropriate measure against it.

We will make the South Korean rulers clearly see that they have chosen a road of self-destruction.

Our people united in one mind around the respected Supreme Commander General Kim Chong-il, a great brilliant commander and the lodestar of national reunification, will never tolerate the reckless anti-dialogue, anti-reunification acts of the South Korean rulers.

#### **ROK Blamed for Failed Youth's General Meeting**

*SK1608054094 Pyongyang KCNA in English 0440  
GMT 16 Aug 94*

[Text] Pyongyang, August 15 (KCNA)—The general meeting of the National Alliance of Youth and Students for the Country's Reunification (Pomchonghangnyon), which had been scheduled to be held at Panmunjom with the participation of delegates from the North, the South and overseas today on the 49th anniversary of Korea's liberation, failed to open due to the obstructions of the South Korean authorities.

As was reported, the northern, southern and overseas delegates of Pomchonghangnyon were to hold the first general meeting of Pomchonghangnyon at Panmunjom at three PM August 15 as part of the fourth grand reunification festival of youth and students in North, South and overseas, at the August 14 proposal of the South side headquarters of Pomchonghangnyon and the South Korean Federation of General Student Councils.

The general meeting was expected to review what had been done for national reunification since the formation of Pomchonghangnyon and discuss the tasks for the youth and students in North, South and overseas to play the vanguard role in reunifying the country in the 1990s.

The ground in front of the Panmun House in the North side's portion of Panmunjom was crowded with delegates of the North side headquarters and the overseas headquarters of Pomchonghangnyon and youth and students.

They waited for the delegates of the South side headquarters. But they could not come to Panmunjom due to the repressive acts of the South Korean fascist clique.

When the first general meeting of Pomchonghangnyon was frustrated by the obstructions of the South Korean

authorities, the delegates of the North side headquarters and the overseas headquarters of Pomchonghangnyon held an emergency consultative meeting and issued a joint statement.

The joint statement bitterly denounced in the name of the nation the criminal act of the Kim Yong-sam fascist clique in blocking the opening of the general meeting of Pomchonghangnyon, branding it as an intolerable challenge to the desire of the 70 million Koreans for reunification and an unpardonable crime against the nation and reunification.

"Although the Kim Yong-sam group blocked the general meeting of Pomchonghangnyon at Panmunjom at the point of the bayonet, it will not be able to stop the vigorous grand march of the youth and students in North, South and overseas toward national reunification," declared the statement.

#### **Ko Sang-mun's 15 Aug News Conference Reported**

*SK1608105294 Pyongyang KCNA in English 1034  
GMT 16 Aug 94*

[Text] Pyongyang, August 16 (KCNA)—Ko Sang-mun, who defected to the North in 1979 and works as a researcher at Yi Tae-mun's Scientific Research Institute, called a press conference on Monday.

He denounced the South Korean authorities for telling lies these days that the defectors to the North are persons "kidnapped by the North" and they "are persecuted" in the North.

He told reporters he defected to the DPRK of his own free will to look for a worthy life, disillusioned about South Korean society.

He explained how he defected, saying:

"I suffered a lot in South Korean society, so I spat at it and watched for a chance after making up my mind to come over to the North.

"One day I was taken to the 'Central Intelligence Agency' for the mere reason that I had told students about a happy life in the northern half of the country. Choe Chong-uk, an agent of Bureau No. 3 of the 'CIA' told me my 'crime' was grave and my own way out was to serve the 'CIA' as a spy.

"I pretended to accept his demand because I thought that once I was set free, winning their confidence, I might find a way of realising my defection to the North.

"Thus, I was sent to the geomorphology course of the International Engineering Institute of Earth Science and Remote Control in the Netherlands, where I was taught the ropes of operation and a training of infiltration into the North by Kim Kum-bok, a 'CIA' officer who was ostensibly a "postgraduate" at the aerophoto survey course of the institute, and Yi Chong-in, a 'CIA' operative.



"My mission was to 'harass popular sentiments' and 'build an organisation' in the northern half of the country.

"In 1979, on the script written by them, I went to the DPRK embassy in a European country and sought refugee. Thus I could come to the DPRK which I had longed for even in my dreams.

"No sooner had I entered the DPRK than I broke with the 'CIA' and surrendered myself to justice at a competent organ of the DPRK. The DPRK forgave my past, made a clean sheet of it and opened a way for my rebirth.

"I am now studying the geomorphology of Korea at a research institute. I have published valuable papers and have been highly appreciated for them. The South Korean authorities are alleging that I was "kidnapped" after infiltrating me into the North in a planned way. Isn't it clear that it is a false drama?

"They are making a fuss about 'violations of human rights' of the defectors. But, their allegation that those who defected to the North of their own accord were 'kidnapped by the North' is a blasphemy to their human rights.

"The South Korean authorities infiltrated me into the North on a spy mission yesterday and are today alleging that I was 'kidnapped by the North.' Does it make any sense?

"According to a scenario written by the 'Agency for National Security Planning' (ANSP), Kim Yong-sam himself is arguing that we defectors were 'kidnapped by the North.'

This leaves no doubt as to the fact that Kim Yong-sam was raised by the 'ANSP' while he was in an opposition party.

"Kim Yong-sam is eloquent about 'civilian politics' and 'democracy.' How can he say so while shaping policies under the manipulation of the 'ANSP,' the bulwark of dictatorship and the den of fascism?

"His outcry over 'human rights' is also a lie just like his allegation that I was 'kidnapped by the North.'

"My case clearly shows Kim Yong-sam is a marionette of the 'ANSP' and his politics is a tricky politics and backroom politics of the 'ANSP.'

"No matter what plots they may frame, they can never evade a stern judgment, branded by the nation and the world as degenerate barbarians."

#### **ROK Defector Explains Reasons for Action**

*SK1608152594 Pyongyang KCNA in English 1515 GMT 16 Aug 94*

[Text] Pyongyang, August 16 (KCNA)—Ho Chong-man, 57, a South Korean, has come over to the northern half of the country.

He was born in Tochon-tong, Chungmu city, South Kyongsang Province, South Korea.

After graduating from a high school, he was engaged in fisheries, construction and other occupations in Chungmu, Ryosu and Seoul before he began real estate brokerage in Seoul in 1987.

There are his wife and sons and daughters in South Korea now.

Explaining the motive of his defection, Ho said:

"I felt disillusioned about the 'policies' of the successive rulers in the South.

"Remaining indifferent to the reunification of the country, the South Korean authorities have persistently followed a splittist line to keep the country divided artificially forever and committed treacheries without hesitation.

"The policy of dependence on outside forces and anti-reunification moves of the authorities in the South made me more interested in the reunification proposals of the North.

"When I heard '10-Point Programme of the Great Unity of the Whole Nation for the Reunification of the Country' put forward by President Kim Il-song over the radio of the North last year, I could not keep my mind from running toward the North where there was the great leader, the sun of the nation and the lodestar of reunification.

"While on a foreign trip, I heard the painful news that respected President Kim Il-song whom I had revered so deeply passed away.

"When all the fellow countrymen at home and abroad were wailing, beating the ground, and compatriots overseas were heading for the North from every part of the world to mourn over him, only the compatriots in the South were barred from making a mourning trip to the North under repression by the authorities. Witnessing this lamentable reality, I came to the North, thinking that I on a foreign trip should express condolences, representing the feelings of the people of the South."

#### **CPRF Denounces Kim Yong-sam Government Moves**

*SK1308055094 Pyongyang KCNA in English 0448 GMT 13 Aug 94*

[Text] Pyongyang, August 13 (KCNA)—"Unification through the absorption means confrontation and confrontation immediately means conflict and war," declares the Committee for the Peaceful Reunification of the Fatherland (CPRF) in a statement Friday [12 August] denouncing the South Korean rulers' anti-North confrontation moves.

On August 8 and 9 the South Korean "minister of the unification board" blared that "it is the South Korean



Government's position to realise unification through absorption of the North without delay when the opportunity presents itself even if it costs a great deal, and the South "must be prepared for any sacrifice in unifying the country by absorbing the North," [quotation marks as received] the statement notes, and continues:

"The CPRF bitterly denounces in the name of the whole nation the Kim Yong-sam group which, while advertising "civilian administration", openly cried for "unification through absorption", considering this to be a premeditated act of proclaiming confrontation between the North and the South and unilaterally and completely nullifying North-South top-level talks.

The South Korean rulers can never evade the responsibility for driving the North-South relations again to a dangerous phase of confrontation and war. They must be held wholly responsible for all the consequences arising from this.

Since the Kim Yong-sam group declared a total showdown with the North, impudently dreaming of "unification through absorption," it is our inviolable right to take an appropriate measure against it.

We will make the South Korean rulers clearly see that they have chosen a road of self-destruction.

#### **Literature on Kim Il-song Scattered in ROK**

*SK1308044294 Pyongyang KCNA in English 0404 GMT 13 Aug 94*

[Text] Pyongyang, August 13 (KCNA)—Copies of a literature in the name of the Saeppyol Society were scattered in the residential quarters in Yongdo District, Pusan, on July 26, deeply moving people, the Seoul-based radio Voice of National Salvation reported.

The literature reads:

Respected President Kim Il-song was the father of the nation who descended from heaven and the sun of mankind.

His death is the biggest loss and bitterest sorrow in the history of our Tangun nation spanning five thousand years.

But, let us wipe off the tears and change sorrow into indignation.

Let us punish in the name of the people and the nation the Kim Yong-sam group which is bringing the cold wave of the fascist "new security-oriented rule" for the suppression of the people and North-South confrontation after the greatest misfortune of the nation.

#### **Further Commentaries on Pannational Rallies**

##### **ROK Detains Rally Supporters**

*SK1308054994 Pyongyang KCNA in English 0435 GMT 13 Aug 94*

[Text] Pyongyang, August 13 (KCNA)—The South Korean opposition Democratic Party on August 11

lodged a protest with the puppet home minister against the detention of members of the South side headquarters for the promotion of the pan-national rally [PNR], a Seoul-based radio reported.

It demanded an early release of the detainees, saying that the sudden arrest of Yi Chang-pok, co-leader of the South side headquarters for the promotion of the PNR and others who had striven for a lawful and peaceful PNR is an excessive measure and unreasonable act.

#### **Paek In-chun Gives 'Report'**

*SK1608013394 Pyongyang Korean Central Broadcasting Network in Korean 0118 GMT 15 Aug 94*

["Report" by Paek In-chun, chairman of the North headquarters of the National Alliance for the Country's Reunification (Pomminnyon), at the Fifth Pannational Rally at 8 February Cultural Hall in Pyongyang on 15 August—live]

[Text] Comrades [yorobun].

We are going to hold the Fifth Pannational Rally in an environment when all fellow countrymen in the North, South, and overseas are vigorously carrying out the majestic struggle to achieve reunification in the nineties with the might of national unity by converting the greatest sorrow of losing the respected and beloved leader Comrade Kim Il-song, our benevolent father and the lodestar of the fatherland's reunification, into strength and courage.

We, the participants in this rally, have strong feelings when we recall, with deep emotion, the great efforts and great leadership of the fatherly leader who devoted his life to achieving national unity and consummating the cause of the fatherland's reunification.

From the first day of national division following the liberation, the respected and beloved leader, who had prepared the proud tradition of great national unity early in the days of the anti-Japanese struggle, considered the fatherland's reunification as the supreme task of the nation and wisely led the struggle to achieve it.

Saying the fatherland's reunification is the greatest gift to the people, the respected and beloved leader energetically carried out activities until his heart stopped beating to solve reunification problems in accordance with national interests, doing so from the thoroughly church-oriented stand of handling national reunification problems, with our national demands and interests as the center.

Early in the 1970's, the fatherly leader declared the three principles of independence, peaceful reunification, and great national unity, authorizing a national common program for reunification. In the 1980's, he presented a method to establish a confederal state and a 10-point policy to achieve it. In the 1990's, he also declared the historic 10-Point Program of the Great Unity of the



Whole Nation for the Reunification of the Fatherland, thus elucidating to our nation the road ahead of reunification in the 1990's.

All these principles and policies, which have programmatic significance in solving problems regarding the fatherland's reunification, are brilliant results of the leader's ceaseless efforts and energetic activities. They are great immortal accomplishments that will be recorded in large letters in the history of our nation's reunification movement.

The fatherly leader, who had the profound intent of loving the country and the nation and possessed boundless generosity like the ocean, embraced in his benevolent bosom all Korean compatriots aspiring reunification, regardless of ideology, political opinion, and notion, leading them to the road of reunification and patriotism with the sublime idea of the great unity of the entire nation.

The great leader firmly prepared the ground of great national unity by uniting figures of various parties and factions as well as people of various classes and strata in the North, South, and overseas under the banner of independence and patriotism. This is the most dependable guarantee for the realization of the fatherland's reunification.

The National Alliance for the Country's Reunification [Pomminnyon]—a nationwide federation of the reunification movement that includes a broad range of reunification movement organizations and figures carrying out the reunification movement in various circles at home and abroad—is actively carrying out its activities in many places of the world where our compatriots live. In spite of the persistent oppression and maneuvers by the antireunification forces to split and ruin it, Pomminnyon is now able to grandly hold the Fifth Pannational Rally for peace and reunification of the fatherland in Pyongyang, Seoul, and Tokyo. This is a result of the great leader's elucidation of the way to the fatherland's reunification and of his wise leadership to realize it.

I firmly believe this rally will serve as an important momentum that elevates to a new stage Pomminnyon's patriotic reunification movement to consummate the reunification cause the fatherly leader really desired. In the name of this meeting, I pay the most sublime respect to the great leader Comrade Kim Il-song, a peerless patriot and the father of the fatherland's reunification, who devoted his life for the fatherland's reunification, a long-cherished national desire. [applause]

The past year since the Fourth Pannational Rally was one in which a tense situation constantly prevailed because of the antireunification maneuvers by national divisionists and their policy of following in the footsteps of outside forces; it was a year in which an uphill struggle was waged to determine the independence or dependence on outside forces and to determine peace or war.

For the past year, the North's headquarters of Pomminnyon persistently waged the struggle to implement the decisions of the Fourth Pannational Rally, which took place on 15 August 1993, in close cooperation with Pomminnyon organizations overseas and in the South.

First, we vigorously launched the movement to achieve great national unity, a major task in implementing the resolution of the Fourth Pannational Rally. The policy on vigorously launching the movement for great national unity is the most just plan that correctly reflects the trends of the era toward national reconciliation and unity as well as the fellow countrymen's will to open the door of reunification in the 1990's on the strength of unity.

Our North's headquarters considered it the general goal of the movement for great national unity to implement the 10-Point Program of the Great Unity of the Whole Nation for the Fatherland's Reunification, which the great leader President Kim Il-song personally created and released. It also vigorously called people from all walks of life to implement the 10-point program.

The North's headquarters convened a general Central Committee meeting and a meeting of co-chairmen to discuss measures to implement the 10-Point Program of the Great Unity of the Whole Nation for the Fatherland's Reunification. It also instilled in the people the basic spirit and content of the 10-point program as well as launched the movement, in various ways, to achieve great unity based on national love and national independence.

We published the magazine MINJOK TAEDANGYOL [Great National Unity], the organ of the North's headquarters, focusing on widely propagandizing among people from all walks of life the 10-Point Program of the Great Unity of the Whole Nation for the Fatherland's Reunification, and leading them to implement it. In this way, we could heighten the fellow countrymen's enthusiasm for reunification and lead the nation's reunification movement.

We also designated this year as the year of great national unity. During the year, in solidarity with Pomminnyon organizations at home and abroad, and in compliance with the action program of Pomminnyon, we conducted a signature campaign to support and implement the 10-Point Program of the Great Unity of the Whole Nation for the Fatherland's Reunification, and sponsored academic forums on great unity. In this way, we launched the movement for great unity in various ways.

In addition to launching the movement for great unity, our North's headquarters also persistently waged the struggle to disclose, check, and frustrate the commotion centering on nuclear suspicions; the South Korean authorities' toadyist, treacherous acts; and the puppets' reckless war exercise commotions which inspire North-South confrontation and lead the situation to the brink of war.



Imperialists and international reactionaries, while babbling about suspicions over the North's nonexistent nuclear development, viciously maneuvered to crush [apsal] our republic, the fortress of socialism and the base of our people's lives.

The Kim Yong-sam clique, which positively followed the game of outside forces regarding the nuclear commotion, made the resolution of the nuclear issue a precondition for North-South dialogue, and kicked up a commotion that threatened us.

Crushing [chippussinungosun] antisocialist, antirepublic commotions by the international reactionaries and the South Korean puppets was a very important task for defending national dignity and independence. In close cooperation with Pomminnyon organizations at home and abroad, we positively launched a popular movement to defend national dignity and independence as well as to disclose, denounce, and crush [punswae] maneuvers by international reactionaries to crush [apsal] socialism as well as the South Korean puppets' toadyist, treacherous acts.

In addition, during the past year the North's headquarters has supported and encouraged the reunification movement in South Korea by people of all walks of life, and has vigorously waged the struggle against the suppression of the Kim Yong-sam clique. South Korean people of all walks of life, who picture the brilliant future of a reunified country according to the great leader's 10-Point Program of the Great Unity of the Whole Nation for the Fatherland's Reunification, have persistently waged the struggle for independence, democracy, and reunification amid the suppression and antireunification maneuvers of the splittists.

Surprised by the struggle, the South Korean ruling camp accused the just reunification movement by people of all walks of life as being left-leaning and procommunist, and atrociously suppressed them on the charge of violating the notorious National Security Law. We have resolutely and sternly condemned and denounced the suppression maneuvers of the South Korean authorities against the reunification forces; have vigorously carried out various movements that abolished obstacles blocking the unity of the nation and the reunification of the fatherland; and have actively supported the demands of people of all walks of life in South Korea, mostly youths and students.

We have exposed and broken the South Korean ruling camp's policies of following foreign forces, have achieved the independence of the nation, and have actively waged the struggle to abolish the South Korean antireunification law and other systematic mechanisms, including the National Security Law which is hostile to compatriots. Thus, people of all walks of life have become deeply aware of the fact that, without independence, great national unity cannot be achieved; that without great unity, the reunification of the fatherland cannot be achieved; and that as long as evil laws exist, such as the National Security Law which defines the

compatriots as enemies, the reconciliation and unity of the compatriots cannot be guaranteed.

In conformity with the demands of the developing situation to lead a new phase of reunification toward great national unity, during the past year we have strengthened Pomminnyon and have paid much attention to taking various measures to enhance its functions and roles. In December 1993, in conformity with Pomminnyon's provisions and regulations agreed upon and jointly announced by the North and South, we have strengthened the North's headquarters, have newly elected enthusiastic functionaries of reunification and patriotism as chairmen and central committee members to enhance its role, and have taken restructuring and supplementary measures on 11 provincial and municipal chapters in order to strengthen the popular basis of Pomminnyon.

The last year since the Fourth Pannational Rally was a significant one in which our nation's aspiration for reunification has been further elevated, and the force of great national unity has been transformed into an irresistible trend of the times. It was also a rewarding year in which Pomminnyon, the mother body of great national unity, has been further strengthened amid the division and destruction maneuvers of the antireunification forces, and a solid guarantee for more actively carrying out the reunification movement has been provided. [applause]

Comrades [yorobun], today's situation, in which the maneuvers of the antireunification forces against the reunification forces are becoming more tenacious day after day, desperately demands us to expose and break the antireunification maneuvers of the splittists at home and abroad, and more vigorously carry out the nation's grand march toward reunification.

The South Korean authorities are creating in South Korea a new security-oriented situation more vicious than that of the Fifth and Sixth Republics, and are staging an unprecedented anti-North commotion by brutally suppressing South Korean youths and students, as well as people of all walks of life, who are shouting for independence, democracy, and reunification; they are suppressing these people on charges of violating the National Security Law, and are unreasonably linking their struggle with the North, thus driving the situation to an acute confrontation.

The South Korean authorities, who wielded the National Security Law to block the South Korean delegates from attending the second Pomminnyon co-chairmen conference at the end of May 1993, and who atrociously suppressed them by cutting their telephone lines and sending police to search the South's Pomminnyon office, this time have beastly suppressed the South Korean condolence delegation, which wanted to express condolences at the bier of the fatherly leader and share the sorrow of their compatriots, on charges of violating the



National Security Law; they have committed inhumane acts by blocking the delegation's way to the North.

The puppets finally established a joint investigation headquarters made up of the prosecution, the police, and the Agency for National Security Planning, then ordered riot police to the universities every day. They shackled those students who were mourning the great father of the nation; prevented the condolence delegation of the Preparatory Committee for the Formation of the South's Pominnyon headquarters from going to the North by using arms [chongkallo]; and did not hesitate in taking all five members of the delegation, including Reverend Kang Hui-an, into custody.

At a time when all countrymen and progressive people of the world were expressing deep condolences over the great leader's death, rising above differences in (time) and ideology, and when an atmosphere for North-South high-level talks was being created, the South Korean rulers oppressed the South Korean people who were expressing their condolences by invoking the National Security Law, regarding their fellow countrymen's arena as an anti-state organization and as an enemy. Their behavior, which is contrary to morality, is a savage act by those who are worse than brutes and who do not possess the nation's blood.

As long as they abuse the National Security Law—an antireunification, fascist, evil law—the Kim Yong-sam group has no right to talk about dialogue and reunification. In the name of this rally, I strictly denounce traitor Kim Yong-sam's heinous atrocity of disgracing the South Korean people's warm admiration of the respected and beloved leader, the benevolent sun and father of the nation, and of bringing fascist pressure to bear upon them. [applause]

The respected and beloved leader President Kim Il-song taught: We must not let the national division last more than half a century, and we must achieve the historic cause of the fatherland's reunification in the near future without fail.

It was the fatherly leader's lifelong intent to hand out the reunified fatherland to the younger generation before the end of this century. We must put an end to our tragic history of national division and achieve reunification in the 1990's, no matter how difficult a situation we face, just as the great leader desired.

In order to achieve reunification in the 1990's by smashing the vicious challenge of the antireunification forces, as it promised to its fellow countrymen, Pominnyon should first carry out the struggle against flunk-keyism and treachery, upholding the banner of national independence.

National independence is a basic principle for the fatherland's reunification. An important matter which is emerging in the course of realizing national independence in the present is, above all, to more vigorously

carry out the struggle against interference by outside forces. As long as South Korea is subject to outside forces, it is impossible to realize national independence, or to be free from the domination and interference of outside forces. The struggle against the domination and interference of outside forces is a struggle to overcome the colonial subordination of South Korea.

We will boldly stage the movement for the withdrawal of U.S. troops and its nuclear weapons from South Korea, and will actively support the South Korean people's anti-U.S., anti-war, and anti-nuclear peace movement in order to overcome the colonial subordination of South Korea.

It is also important in the struggle for national independence to smash the South Korean authorities' policy of following outside forces. It is a lesson from our national history, obtained at the cost of blood and with many turns and twists, that relying on outside forces results in the nation's ruin. To try to resolve issues regarding national sovereignty comes, by nature, out of disbelief in the nation's strength; it is an antinational criminal act to gain supremacy over fellow countrymen by force in collusion with outside forces, and to allow the entire nation to be under the subjugation and subordination of outside forces. The policy of following outside forces is an (?administrative) method used by the traitor Kim Yong-sam, who has no regard for the nation or for reunification.

We should more vigorously carry out mass movements, in many forms and manners, in order to expose and denounce the antinational nature and poisonous aftermath of the South Korean authorities' policy of following outside forces.

Second, in order to achieve reunification in the 1990's by smashing the vicious challenge of the antireunification forces, as was promised to our fellow countrymen, Pominnyon should make new and remarkable progress in promoting great national unity. The country can be reunified in the 1990's when the 70 million fellow countrymen boldly carry out the nationwide reunification movement with all their strength and wisdom.

"Let us achieve the great unity of the whole nation." This is the slogan of the struggle that we have to uphold today. Only when we achieve national unity by upholding the slogan of great unity, then we can build the chuche forces of national reunification and open a turning phase for the fatherland's reunification by smashing the antirepublic maneuvers of those who try to split the nation, achieving victory in a timely manner with the strength of unity.

What is important today in trying to achieve great national unity is, above all, to vigorously implement the 10-Point Program of the Great Unity of the Whole Nation for the Fatherland's Reunification as elucidated by the great leader. The 10-point program, in which the three principles for the fatherland's reunification have



been completely embodied, and which is run through with patriotism and the spirit of national independence, is the most fair and just banner of national unity that enables [words indistinct] regardless of ideology, idea, religion, and position. [applause]

Those who want peace and peaceful reunification of the country, and who are concerned about the nation's future, must without hesitation run into the strong stream of the mass movement to implement the 10-Point Program of the Great Unity of the Whole Nation for the Fatherland's Reunification. Genuine patriotism today means joining the struggle to implement the 10-point program and devoting all of one's strength and wisdom.

We will actively carry out various movements to make people of various classes deeply understand the ideology and content of the 10-Point Program of the Great Unity of the Whole Nation for the Fatherland's Reunification, correctly realize that great national unity is the only way for our nation's life and reunification, and unanimously launch the struggle to implement the 10-point program.

As long as the South maintains the National Security Law, in which compatriots in the North are regarded as the enemy and meetings with fellow countrymen are considered criminal acts, it is impossible to achieve national reconciliation and unity or to congregate national strength and wisdom for reunification.

We should vigorously carry out the movement to remove all South Korean legal and systemic devices that pose obstacles to great national unity, such as the National Security Law.

The third task we are faced with is to struggle more vigorously to smash the South Korean authorities' nuclear war provocation maneuver and to guarantee the peace of the country. Our people, who have lived with constant anxiety and in danger of war for almost half a century because of war provocations by successive South Korean rulers, earnestly desire a peaceful and harmonious life.

Peace in our country is a vital precondition [tae chonje] to reunification; it is nonsense to achieve peaceful reunification without peace. Because of the worthless new war provocations by the current South Korean authorities, who outstrip previous military fascist elements, peace in our country is faced with a grave threat, and the danger of a war that would bring about national ruin is ever increasing.

In order to remove tensions, guarantee peace, and remove the danger of war in our country, we should oppose the war exercises held under various names which are being carried out by South Korean authorities in collusion with outside forces, and the bringing of weapons into South Korea from foreign countries; we should force all foreign weapons which have already been brought in, such as the Patriot missile, to withdraw.

At the same time, we should sternly deter and crush the South Korean authorities' nuclear weapons development maneuver. The North's Pominnyon Headquarters will more vigorously carry out the struggle to guarantee peace on the Korean peninsula after smashing the vicious new war provocations by the Kim Yong-sam clique, which wears a civilian mask, by utilizing close relations not only with Pominnyon organizations at home and abroad, but also with many organizations carrying out anti-war peace movements.

Fourth, in order to smash the challenge of antireunification forces and achieve reunification in the 1990's, Pominnyon should decide on the nation's common reunification method [minjok kongdongui tongil pangdo] as soon as possible. Today's situation, in which national reunification in the 1990's has emerged to be an imminent task that should no be longer put off, and in which the nation's enthusiasm for reunification has increased all the more, requires us to make an early decision on the nation's common reunification method.

Only when a decision on the nation's common reunification method has been made can Korean compatriots in the North, South, and overseas advance the reunification movement to a single aim. In the past, we put forward a reasonable proposal on deciding on the nation's common reunification method, and have made sincere efforts to achieve it, but it has not yet been achieved due to disturbances by successive South Korean authorities.

We hold that a plaza of nationwide dialogue should be provided in order to decide the nation's common way of reunification in conformity with the demands of the present situation in which reunification in the nineties is becoming reality. The South Korean authorities should withdraw their logic that the channel of dialogue should be simplified and should open the door of dialogue so that political parties, organizations, and people of all walks of life who want reunification can make free contacts.

We advocate that because there are two different systems and governments in the North and the South, the founding of a reunified state through the way of a confederal system which reflects the demands of all members of the nation is a most realistic, fair, and aboveboard way of reunification.

The policy of founding a reunified state through the way of a confederal system that we advocate is a most realistic way which makes it possible to successfully resolve the question of reunification under the condition in which the North and the South have different systems. It is also a fair and aboveboard policy of reunification that can be acceptable to everyone.

Firmly believing that a pannational agreement on the way of reunification through a confederal system can be reached at the national congress [minjok taehoe] in which political parties, organizations, and individual



personages in the North and the South and overseas are to attend, I ardently appeal to them once more to vigorously struggle to convene the congress at an early date. [applause]

For Pomminnyon to smash the antireunification forces' challenge and, thus achieve reunification in the nineties, fifthly, it is imperative to realize unity and cohesion among the ranks of the reunification movement and to strengthen solidarity among the organizations of the movement. Realizing unity among the ranks of the movement and strengthening joint movement and actions among the organizations of the movement have become a more important problem in today's situation in which the splittists' antireunification maneuvers have become more unscrupulous.

Only by realizing unity and cohesion among the ranks of the reunification movement in the course of the struggle for national reunification and only by strengthening solidarity and joint struggle among the organizations of the movement can the antireunification maneuvers by national splittists be smashed with united strength in a timely manner and the reunification movement be further enhanced at home and abroad.

Today, when all fellow countrymen are advancing for the nation's great unity by pooling strength and wisdom, there are no grounds or reasons for the ranks of the reunification movement to not be able realize their unity. Even if there are differences in the ideal and the advocacy of an ideology of the reunification movement and even if there are a series of problems in the way of their realization, we should further treasure and respect their common points, rather than their different points, and should achieve unity, solidarity, and cohesion of the ranks of the reunification movement in the course of the movement.

We should see to it that the movement for solidarity, unity, and joint action not only among the regional organizations of Pomminnyon, but also among all reunification movement organizations be more vigorously waged at home and abroad. We will, in the future, too, actively support and encourage the patriotic struggle of those of the South side's Pomminnyon who are vigorously pushing ahead with the decisions of the South side's headquarters of Pomminnyon and other people engaged in the reunification movement. Along with this, we should pay deep attention to realizing and strengthening solidarity and alliance with all other movement organizations which seek independence, democracy, and reunification.

Comrades: Realizing the fatherly leader's lifetime will to bestow reunification upon our people at any cost is precisely the firm will and faith of the respected and beloved General Kim Chong-il. Even though it is arduous to struggle against the antireunification forces who are scheming to split the nation permanently, as long as the wise leadership of the respected and beloved General Kim Chong-il exists, and as long as there is the

invincible strength of our nation that accelerates the great march of reunification by upholding him as the lodestar of national reunification, reunification in the nineties is definite [hwakchongjok]. [applause]

Let all of us more vigorously struggle to achieve the sacred cause of reunification in the nineties, which was the lifetime will of the great leader [suryong], upholding the banner of great national unity and under the wise leadership of General Kim Chong-il, the great leader [widaehan yongdoja] of the nation. [applause]

### Participants Meet Prisoner's Family

SK1608060794 Pyongyang KCNA in English 0512  
GMT 16 Aug 94

["Overseas Koreans Meet Family of Kim In-so"—KCNA headline]

[Text] Pyongyang, August 16 (KCNA)—Overseas Koreans who participated in the 5th Pan-National Rally met with Kim Hwa-sim and Kim Chong-sim, daughters of Kim In-so, an unconverted long-term prisoner kept in South Korea, and his sister Kim Pong-son in Pyongyang Monday.

Present on the occasion were Yang Tong-min, chairman of the Japan regional headquarters of the National Alliance for the Country's Reunification (Pomminnyon), and delegates of various overseas regional headquarters of Pomminnyon.

Kim Hwa-sim, the eldest daughter of Kim In-so, spoke first.

She said:

"My father engaged himself in guerrilla activities on Mt. Chiri in the period of strategic retreat during the fatherland liberation war. He was arrested in December 1951 and detained in South Korean prison for nearly 34 years.

"My father was kept in prison for so many years for the mere reason that he refused to be ideologically converted. Even after being released, he is virtually kept in custody and is forced to back-breaking labour in South Korea where he has no family member and relation.

"The dear leader Comrade Kim Chong-il, the lodestar of national reunification and the kind father of our nation, is concerned about the safety of my father and is showing deep favours.

"The South Korean authorities are refusing his repatriation, ignoring international law, and unhesitatingly acting against human conscience and morality.

"They allege that my father killed innocent people, but it is a sheer fabrication. They say they cannot return unconverted long-term prisoners because they have the South Korean 'nationality.' This is an act ignoring the world declaration on human rights."



The daughters and sister of Kim In-so elaborated on the despicable and unreasonable acts of the South Korean authorities concerning the repatriation of unconverted long-term prisoners, and asked the overseas Koreans to actively cooperate in their repatriation.

Overseas delegates also spoke there.

They unanimously said the South Korean authorities are averse to repatriate the POWs because they fear their inhuman and brutal persecution of the long-term prisoners and patriots should be brought to light worldwide.

They expressed their determination to actively wage the struggle for national reunification and for the repatriation of unconverted long-term prisoners, upholding the intentions of the dear leader Comrade Kim Chong-il.

### **Japan Accused of 'Blood-Stained History'**

*SK1408101794 Pyongyang KCNA in English 1002  
GMT 14 Aug 94*

["Criminal Outbursts To Embellish Blood-Stained History of Aggression"—KCNA headline]

[Text] Pyongyang, August 14 (KCNA)—The director-general of the Environment Agency of Japan, Shin Sakurai, at a press conference on August 12 made criminal remarks that the Pacific War was not an aggressive one, according to a NHK report.

Blaring that "Japan was not engaged in the war for an aggressive purpose", he made a foolish attempt to cover the aggressive nature of the Pacific War started by the Japanese imperialists.

As this stirred up public opinion, Sakurai hurriedly called a press conference that evening, at which he tried to excuse himself, saying "what I said was not appropriate". As there is no use crying over spilt milk, however, he cannot evade the responsibility for his criminal remarks.

His utterances aimed at justifying the past thrice-cursed blood-stained aggressive history of the Japanese imperialists are an intolerable insult to the Korean people and other Asian peoples who had suffered all sort of misfortunes during the Pacific War and a never-to-be-condoned criminal balderdash.

It is an undeniable stark historical fact that the Pacific War unleashed by the Japanese imperialists was an out-and-out aggressive war intended to realise the "greater East Asia coprosperity sphere". But, Sakurai denied it, causing the anger of the people.

Still more intolerable is that Sakurai was cheeky enough to say that "Asia was liberated from the European colonial domination thanks to the Pacific War".

Was there any "favour" in the Pacific War which killed tens of millions of Asian people and caused immeasurable damages?

His talk about "independence from the European colonial domination" is nothing but a preposterous sophism.

Sakurai had better draw a due lesson from the miserable end of Nagano, former minister of Justice of Japan, who was dismissed by the widespread political criticism and strong protest at home and abroad for his foolish remarks embellishing the Pacific War early in May, and act with discretion.

### **Secretary Hwang Chang-yop Meets Japanese Guests**

*SK1508042494 Pyongyang KCNA in English 0405  
GMT 15 Aug 94*

[Text] Pyongyang, August 15 (KCNA)—Hwang Chang-yop, secretary of the Central Committee of the Workers' Party of Korea, Sunday met and had a friendly talk with a visiting delegation of the preparatory committee for the 18th national meeting for the study of the chuche idea of Japanese teachers led by Masao Uchida.

### **Ministry Hosts Birthday Banquet for Castro**

*SK1308053594 Pyongyang KCNA in English 0443  
GMT 13 Aug 94*

[Text] Pyongyang, August 13 (KCNA)—The Foreign Ministry of the Democratic People's Republic of Korea arranged a banquet on August 12 on the occasion of the 68th birthday of Comrade Fidel Castro Ruz, first secretary of the Central Committee of the Communist Party of Cuba, president of the Council of the State and president of the Council of Ministers of the Republic of Cuba.

Choe Ki-yong, chairman of the State Education Commission and chairman of the Korea-Cuba Solidarity Committee, in his speech at the banquet said that Comrade Fidel Castro toppled the pro-American Batista dictatorship by expanding a shot at the Moncada Barracks into an all-people resistance, made the Cuban people the genuine masters of society, the true masters of their destiny, strengthened and developed the party, the General Staff of the revolution, and consolidated the people's power.

Comrade Fidel Castro is wisely organising and leading the struggle of the Cuban people to frustrate imperialist, anti-Cuban moves of the imperialists even under the present-day rigorous situation, maintaining the determined stand that the banner of socialism will never be laid down in Cuba as long as there are the Cuban revolutionaries and people, the speaker said.

He declared that the Workers' Party and people of Korea would continue to value the deep intimacy forged between the great leader Comrade Kim Il-song and respected Comrade Fidel Castro and develop friendship and solidarity between the two countries through generations under the wise guidance of the dear leader Comrade Kim Chong-il, the respected supreme commander.



Cuban ambassador to Korea Jose Ramon Rodriguez Varona said in his speech that the exploits of such a great man as the great comrade President Kim Il-song who is always alive in the hearts of comrade Fidel Castro and the Cuban people clearly indicate a correct road ahead of the popular masses.

Though the Cuban and Korean people are geographically far away from each other, they are the genuine brothers who are banded together for the common purpose of socialism and have strengthened the militant friendship and solidarity in the struggle against the common enemy and are united more closer in ideology than ever before, the speaker said.

Saying that the death of the great leader Comrade Kim Il-song is a great loss to the Cuban people, the speaker expressed the belief that the Korean people would continue to advance for a higher goal under the intelligent guidance of Comrade Kim Chong-il, the dear leader of the Workers' Party of Korea and the Democratic People's Republic of Korea.

Present on invitation were Cuban Embassy officials and Cuban guests.

On hand were Kim Yong-nam, member of the Political Bureau of the Central Committee of the Workers' Party of Korea, vice-premier of the Administration Council and foreign minister, Hyon Chon-kuk, department director of the WPK Central Committee, and other officials concerned.

### **Greetings Sent to Chilean Communist Party**

*SK1308105694 Pyongyang KCNA in English 1032 GMT 13 Aug 94*

[Text] Pyongyang, August 13 (KCNA)—The Central Committee of the Workers' Party of Korea on August 10 sent a message of greetings to the 16th national convention of the Communist Party of Chile.

Expressing the belief that the national convention would mark an important occasion in the activities of the party to strengthen itself and defend the democratic rights and vital interest of the working masses and world peace and security, the message wished the convention great success in its work.

### **'March for Reunification' Held in Pyongyang**

*SK1308114294 Pyongyang KCNA in English 1124 GMT 13 Aug 94*

[“March for Reunification in 90s”—KCNA headline]

[Text] Pyongyang, August 13 (KCNA)—A march for reunification, in the 90s took place in Pyongyang today in a surge of fervour for national reunification among the 70 million Koreans in North, South and overseas.

The marchers started separately from Kim Il-song Square, the Arch of Triumph and the People's Palace of

Culture. They included Paek In-chun, chairman of the North side headquarters of the National Alliance for the Country's Reunification (Pomminnyon), Ho Chang-cho, chairman of the North side headquarters of the National Alliance of Youth and Students for the Country's Reunification (Pomchonghaknyon), and other delegates of the North side headquarters of Pomminnyon and Pomchonghaknyon, working people, youth and students.

Overseas delegates of Pomminnyon and overseas Koreans staying in the socialist homeland were also among the marchers.

They marched through main streets of Pyongyang, shouting “Let us reunify the country in the 90s as wished by the great leader in his lifetime,” “Let us accomplish the cause of reunification, upholding General Kim Chong-il, the lodestar of national reunification” and so on.

Numerous Pyongyangites warmly welcomed the marchers along the routes, shouting “National reunification,” “Korea is one” and “Singlehearted unity.”

On the faces of the marchers and the welcoming crowds could be read their firm determination to reunify the country in the 90s without fail by achieving great national unity under the leadership of the dear leader Comrade Kim Chong-il, true to the behests of the great leader President Kim Il-song.

The marchers who had started from three points gathered on Mansu Hill, determined to continue the march to Seoul and Cheju Island, defying the Kim Yong-sam fascist group's ban on the 5th pan-national rally in Seoul.

They will hold a rally for reunification in the 90s before the statue of President Kim Il-song on the hill.

### **Symposium on Reunification Held in Pyongyang**

*SK1508015094 Pyongyang Korean Central Broadcasting Network in Korean 0058 GMT 14 Aug 94*

[Excerpts] [passage omitted on announcer's introductory remarks made before the live coverage of the symposium]

This is the People's Palace of Culture. This is the People's Palace of Culture.

Under the banner of the grand unity of the entire nation, seething is the ardent desire of all countrymen to surely achieve the cause of reunification in the nineties, upholding the last wishes of the respected and beloved leader Comrade Kim Il-song—the sun of the nation, the legendary hero, and the lodestar of the fatherland's reunification—and following the wise leadership of Comrade Kim Chong-il, the great leader [yongdoja] of the nation. Amid this atmosphere, a grand symposium on the fatherland's reunification is going to be held here at the People's Palace of Culture.



In front of the symposium hall are the portraits of the great leader of our people and our party Comrade Kim Il-song and of the dear leader Comrade Kim Chong-il. And, placed at the symposium hall are the slogans reading "Long Live the Great Leader Comrade Kim Il-song!" and "Long Live the Glorious Workers Party of Korea!"

Placed in the background of the platform is a placard reading "Grand Symposium on the Fatherland's Reunification—14 August, 1994, Pyongyang."

Also placed in the symposium hall are the slogans reading "Let Us Glorify Last Wishes of the Great Leader Regarding Reunification by Thoroughly Accomplishing the 10-Point Program for Grand Unity of the Entire Nation for the Fatherland's Reunification!" and "Let Us Accomplish the Cause for Reunification, Upholding General Kim Chong-il, the Lodestar of the Fatherland's Reunification!"

Participating in the symposium are the functionaries of the North-side Headquarters of Pomminnyon [the National Alliance for the Country's Reunification] and Pomchonghangnyon [the National Alliance for Youth and Students for the Country's Reunification]; delegates to the Fifth Pannational Rally; and delegations and delegates from overseas who are staying in the socialist fatherland.

Appearing at the platform are Paek In-chun, chairman of the North-side Headquarters of Pomminnyon; (Kim Hui-yon), vice chairman of the Korean Social Democratic Party; members of the chairmen's group [uijand-an] and members of the Central Committee of the North-side Headquarters of Pomminnyon; delegates of the North-side Headquarters of Pomchonghangnyon; and delegates of the Overseas Headquarters of Pomminnyon. [passage omitted]

#### **Book on Kim Chong-il Published in Peru**

*SK1308060694 Pyongyang KCNA in English 0407  
GMT 13 Aug 94*

[Text] Pyongyang, August 13 (KCNA)—The book "Great Man of the 21st Century" written by Jose Cano Vilchez, economic adviser to the National Assembly of Peru, praising the greatness of the dear leader Comrade Kim Chong-il was published in Peru.

The book consists of five chapters and 14 sections.

The author said he wrote the book as he was touched by the greatness and true humaneness of Comrade Kim Chong-il, whose fame is spreading wider in the international political arena and who reliably handles the steering wheel of the 21st century for the cause of independence.

The author stressed that the cause of socialism of chuche, which was started and has advanced victoriously in the 20th century, will make a long drive in the 21st century, too, as it has at the head of the times Comrade Kim

Chong-il who has a great ideology and philosophy, outstanding quality and ability as a leader and noble personality, at this historic period with the turn of the century ahead [sentence as received].

#### **Kim Chong-il Offers Thanks for World Condolences**

*SK1308050694 Pyongyang KCNA in English 0413  
GMT 13 Aug 94*

[Spelling of all names as received]

[Text] Pyongyang, August 13 (KCNA)—The dear leader Comrade Kim Chong-il, chairman of the National Defence Commission of the Democratic People's Republic of Korea and supreme commander of the Korean People's Army, sent messages to officials of international organisations in reply to their messages of condolence over the death of the great leader Comrade Kim Il-song, general secretary of the Central Committee of the Workers' Party of Korea and president of the Democratic People's Republic of Korea.

The messages were sent to G.O.P. Obasi, secretary general of the World Meteorological Organisation; Pekka Tarjanne, secretary-general of the International Telecommunications Union; James Gustave Speth, administrator of the UN Development Programme; Jaques Diouf, director-general of the Food and Agriculture Organisation of the United Nations; Hiroshi Nakajima, director general of the World Health Organisation; Arpad Bogsch, director general of the World Intellectual Property Organisation; Botto de Barros, director-general of the Universal Postal Union; Fawzi H. al-Sultan, president of the International Fund for Agricultural Development; and Antonio Enriquez Savinac, secretary general of the World Tourism Organisation.

Comrade Kim Chong-il expressed deep thanks to them for extending messages of deep condolence over the death of President Kim Il-song.

#### **WPK Replies to Foreign Leaders' Condolences**

*SK1308051694 Pyongyang KCNA in English 0418  
GMT 13 Aug 94*

[Spelling of all names as received]

[Text] Pyongyang, August 13 (KCNA)—The Central Committee of the Workers' Party of Korea [WPK] sent messages to foreign parties and party leaders in reply to their messages of condolence on the death of the great leader Comrade Kim Il-song, general secretary of the Central Committee of the Workers' Party of Korea and president of the Democratic People's Republic of Korea.

The replies went to Donald Ramota, executive secretary of the C.C. [Central Committee], the People's Progressive Party of Guyana; Ignacio Pichardo Pagaza, chairman of the National Executive Committee of the Institutional Revolutionary Party of Mexico; Humberto



Lugo Gil, coordinator of the Group of the Institutional Revolutionary Party of Mexico in the Senate; the National Leadership of the People's Electoral Movement of Venezuela; the Central Committee of the Party of Communists of Belarus; the National Council of the "Movement for Democracy, Social Progress and Justice of Belarus"; the Central Committee of the Lenin Communist Youth League of Belarus; Miguel Figueroa, organizer and spokesman of the Communist Party of Canada; Ginette Gauthier, coordinator of the National Committee of the Quebec Communist Party of Canada; the Central Committee of the Socialist Workers' Party of Albania; General Secretary Michael Hicks and International Secretary Keny Coyle of the Britannic Communist Party; the federal leadership of the Communist Party of Austria; the direction of the left coalition of Spain; the Central Committee of the Galicia People's Union of Spain; and the Central Committee of the Martinique Communist Party.

The reply messages expressed heartfelt thanks to them for their deep condolences on the death of President Kim Il-song.

#### More WPK Replies to Condolences

SK1308052294 *Pyongyang KCNA in English 0433 GMT 13 Aug 94*

[Text] Pyongyang, August 13 (KCNA)—The Central Committee of the Workers' Party of Korea [WPK], the Central People's Committee and the Administration Council of the Democratic People's Republic of Korea sent messages to a party, governments and leaders of different countries in reply to their messages of condolence over the death of Comrade Kim Il-song, general secretary of the Central Committee of the Workers' Party of Korea and president of the Democratic People's Republic of Korea.

The reply messages were sent to the Central Committee of the Communist Party of Vietnam, the president of the Socialist Republic of Vietnam, the Standing Committee of the National Assembly of Vietnam and the Vietnamese Government; President Dingiri Banda Wijetunga and Prime Minister Ranil Wickremasinghe of the Democratic Socialist Republic of Sri Lanka; Ntsu Mokhehle, prime minister of the Kingdom of Lesotho; Hassan the Second, the king of Morocco; Maaouya Ould Sid Ahmed Taya, president of the Islamic Republic of Mauritania; Nicephore Soglo, president of the Republic of Benin; Antonio Manuel Mascarenhas Gomes Monteiro, president of the Republic of Cape Verde; France Albert Rene, president of the Republic of Seychelles; Robert G. Mugabe, first secretary and chairman of the Central Committee of the Zimbabwe African National Union-Patriotic Front and president of the Republic of Zimbabwe; Zine El Abidine Ben Ali, president of the Republic of Tunisia; Erskine Sandiford, prime minister of Barbados; Ronald Venetiaan, president of the Republic of Surinam; Ramon John Hnatyshyn, governor-general of Canada; the government of Saint Lucia;

Lester Bryant Bird, prime minister of Antigua and Barbuda; Joh M. Ninkare, acting prime minister of Papua New Guinea; Milan Kucan, president of the Republic of Slovenia; Franjo Tudjman, president of the Republic of Croatia; Saparmurad Niyazov, president of Turkmenistan; and Islam Karimov, president of the Republic of Uzbekistan.

The reply messages expressed heartfelt thanks to them for their deep condolences over the death of President Kim Il-song.

#### South Korea

#### Papers Review U.S.-DPRK Talks, Agreement

SK1308124994

[Editorial Report] The following is a compilation of articles published in ROK vernacular dailies on 13 August on the third round of U.S.-North Korean high-level talks recently held in Geneva and the U.S.-North Korean statement issued in Geneva on 12 August.

The conservative CHOSON ILBO carries on page 3 a 2,000-word article by Geneva-based correspondent Cho Yong-taek. The article reports the third round of U.S.-North Korean talks was significant because the two sides "have agreed in principle to bring a comprehensive solution to the North Korean nuclear problem" and because the talks "have provided, above all, the grounds for dialogue between the sides," based on North Korea's "practical demands—leaving behind its former practice of engaging exclusively in political propaganda—such as assistance for a light-water reactor system, improvement in diplomatic relations, and economic support."

The article, however, anticipates that the United States and North Korea will have difficulties along the path to "the goal of solution of the nuclear issue," noting "they have yet to narrow differences in opinions on various issues, and a great deal of disputes are expected in further negotiations on what has already been agreed upon between the two sides."

Pointing out "North Korea's understanding of the inevitability of its allowance of special inspections" as "the most interesting result of the recent talks," the article reports: "North Korea seems to have recognized the reality that it would be difficult to receive assistance for its light-water reactor system or to improve relations with the United States unless it guarantees its past, present, and future nuclear transparency."

Regarding the expression "full scope of safeguards," instead of "special inspections," used by both sides in the talks, the article reports that this was due to North Korea's "negative reaction" to the latter. The article continues: "They used this evasive expression since North Korea never gave up its position on the issue of special inspections, with the assumption that it can no



longer use the nuclear card if it permits special inspections." The article concludes: "To clarify this issue will be the largest obstacle in the next talks to be held in September."

CHOSON ILBO also carries on page 3 a 1,000-word article by reporter Hong Sok-chun on the government's reaction to the third round of U.S.-North Korean talks. The article points out that the ROK asked the United States to deal with the issues of North Korea adopting a ROK-type light-water reactor, of holding special nuclear inspections, and of implementing the joint declaration on denuclearizing the Korean peninsula in nuclear negotiations with North Korea. The article reports that ROK Government officials believe that the United States "fully agreed to the ROK position and sincerely conveyed the ROK's demands to North Korea in the recent talks." The article continues: "However, the government is not sitting easy over the prospects for future U.S.-North Korean talks due to the situation following the rupture of the South-North summit talks, in which the ROK Government's only role in the U.S.-North Korean talks was as a third party."

The article reports: "While generally positively assessing the result of the recent talks, the government is concerned about the possibility that the United States will hurriedly conclude the talks with North Korea." The article adds: "The government hopes the United States and North Korea will implement a package solution of specific problems in a progressive and phased [chomjin-jogimyonsodo tangyejoguro] manner, observing if North Korea implements agreements."

The article continues: "The government is going to concentrate on strengthening the ROK-U.S. cooperation system, believing that the principle of direct dialogue between the South and the North will be abided by only when a ROK-U.S. cooperation system is firm."

The moderate CHUNGANG ILBO carries on page 8 a 3,000-word article summarizing opinions of ROK business leaders on the recent U.S.-North Korean talks. The article reports Kim Kwang-ho, chief of the Kolon Company Development Center, notes: "ROK companies are greatly concerned about the possibility that the United States will take the initiative away from the ROK in rushing into the North Korean market. The government's inflexible attitude toward North Korea has driven ROK companies, whose position was the most advantageous, to an unfavorable position. The government must prepare measures to activate South-North exchanges as soon as possible."

The article reports Chon Pyong-ho, researcher of the North Korean Economy Research Center of the Korea Development Institute, expects: "Western companies that want to advance into North Korea will prefer joint ventures with ROK companies to minimize the danger in investments in North Korea. North Korea will also come to recognize that ROK companies must lead the

advancement into North Korea to induce Western companies' investments in North Korea."

The article also reports Hwang Yong-sung, researcher of the Samsung Economic Research Center, notes: "Whether the U.S. diplomatic mission to be established in North Korea will be a simple diplomatic mission or a kind of trade mission will influence the direction of economic exchange between North Korea and Western countries, including the United States and Japan." Hwang also points out: "The direction of South-North economic cooperation will be decided upon when the government announces its position or policy on North Korea on the anniversary of National Liberation Day, 15 August."

#### **'Unconditional' Inter-Korean Talks Proposed**

*SK1208014494 Seoul YONHAP in English 0137 GMT  
12 Aug 94*

[Text] Seoul, Aug. 12 (YONHAP)—Korea National Red Cross President Kang Yong-hun has proposed an unconditional and early meeting of South-North Korean Red Cross leaders at Panmunjom to discuss issues of the separated families and South Koreans detained in the North against their will.

In a statement commemorating the 23rd anniversary of the inter-Korean Red Cross talks proposal on Friday, Kang proposed to North Korea that the presidents or vice presidents of the South and North Korean Red Cross Societies get together at the earliest possible date without any condition.

He called on the North to resume the South-North Korean Red Cross talks as early as possible to realize free and mutual visits by dispersed families and exchange of home-visiting groups between South and North Korea.

Kang asked Pyongyang to repatriate South Koreans now detained in North Korea, pointing out that there are over 400 South Korean abductees including crew members of a fishing boat, the Tongjin-ho. He also noted that 11 South Koreans are included in the list of political prisoners interned at North Korean concentration camps as recently disclosed by the Amnesty International.

"These South Koreans should be returned to their families immediately," he emphasized. "We have to provide a wide humanitarian bridge to have the separated families exchange letters, meet together, and visit each other."

"To provide a new momentum for discussions on these tasks, I propose that presidents or vice presidents of both Red Cross societies get together without any condition," he said and suggested the meeting be held at the truce village of Panmunjom.

#### **South Reactor Model Said DPRK's 'Set Choice'**

*SK1608010294 Seoul YONHAP in English 0043 GMT  
16 Aug 94*

[Text] Oslo, Aug. 15 (YONHAP)—There is no other realistic alternative for North Korea than to accept the



South Korean version of light-water reactors, and inter-Korean dialogue will have to open to discuss this issue, South Korean Foreign Minister Han Sung-chu said Monday.

In the middle of his nordic visit, Han suggested the South Korean reactor model is virtually a set choice, saying North Korea agreed to let the United States make the selection and there is already an agreement between Seoul and Washington to choose the South Korean model.

Inter-Korean dialogue will necessarily have to resume in order to deal with the process of providing the reactors, implementing the agreement for denuclearization of the Korean peninsula, and supplying the alternative energy to North Korea, said Han.

U.S. officials assigned to prepare for their liaison office in Pyongyang could enter North Korea before Sept. 23, the date when North Korea-U.S. high-level dialogue reopens, he said, and they may enter with another team due to go to North Korea to help prolong the safekeeping of the spent fuel rods currently kept in a cooling pond.

The foreign minister dismissed criticisms that Seoul's interests were ignored at North Korea-U.S. talks, explaining that Seoul's interest lies in solving the nuclear problem, maintaining peace on the Korean peninsula, and bringing North Korea out into an open community.

"Considering these points, it's inappropriate to say Seoul's interests were ignored," he said.

The agreement to provide light-water reactor to North Korea cannot be fulfilled unless there is guarantee of transparency into Pyongyang's past nuclear activities, the foreign minister said.

"One of the important results of the North Korea-U.S. meeting is that Pyongyang admitted to this principle," he said.

### **U.S. Senate Approves Limiting Aid to DPRK**

*SK1208030394 Seoul YONHAP in English 0252 GMT 12 Aug 94*

[Text] Washington, August 11 (YONHAP)—The U.S. Senate Thursday [11 August] unanimously approved an amendment to the Defense Appropriations Act restricting U.S. financial assistance to North Korea if and when the North's nuclear transparency is not guaranteed.

The amendment, submitted by Alaska Sen. Frank Murkowski and Senate Minority Leader Bob Dole, prevents the Clinton administration from giving financial assistance to North Korea until the President certifies that North Korea has given up any nuclear weapons it may possess, has halted its nuclear weapons program and does not export weapons-grade plutonium.

The amendment is a revised version of an earlier one to the Foreign Activities Appropriations Act, banning U.S. financial aid to North Korea, which was approved by the Senate but killed in the process of consultations between the Senate and the House of Representatives due to opposition from the administration.

The newly approved amendment gives the President some diplomatic discretion by providing a proviso that the President may reserve its application when he deems it necessary on account of national security.

Diplomatic sources here, however, said that because of the proviso the amendment, even if it was approved by a joint Senate-House session, would not greatly affect U.S. plans to provide the North with financial assistance in connection with its light-water nuclear reactor program. The amendment, however, reflects a firm current of the Senate demanding nuclear transparency on the part of North Korea, they said.

Explaining the amendment, Sen. Murkowski said that given the recent change in North Korea's leadership, "Now, more than ever, the United States must ask the North to come clean on past nuclear activities and follow through on past commitments to allow the IAEA (International Atomic Energy Agency) inspectors complete access to nuclear facilities, both suspected and declared."

Murkowski said the amendment is necessary to ensure that the administration does not yield to pressure to provide financial assistance to North Korea until North Korea gives up its nuclear policy.

He said he backs "incentives" for North Korea, but wants to send a "clear and strong signal" that the incentives will be "offered on our terms."

But it is unclear as yet whether the amendment will be approved intact at a joint Senate-House session.

### **Seoul To Maintain DPRK Policy on Nuclear Issue**

*SK1608063094 Seoul YONHAP in English 0614 GMT 16 Aug 94*

[Text] Seoul, Aug. 16 (YONHAP)—The South Korean Government will continue pursuing its policy of linking inter-Korean economic cooperation with North Korea's nuclear issue, as North Korea did not clearly guarantee the transparency of its nuclear development program in the high-level talks with the United States in Geneva last week.

But the government is studying a plan to make a gradual approach to inter-Korean economic cooperation, starting with permitting business people's North Korea visits, because the Geneva meeting has provided a clue to solving the nuclear issue.

"A breakthrough was made in the Geneva talks but there has not yet been any tangible progress in the solution of the issue," an official said Tuesday. "So, the policy of



linking inter-Korean economic cooperation with the nuclear issue will be continuously pursued," he commented.

On the future inter-Korean dialogue, he said since North Korea had promised to implement the inter-Korean denuclearization declaration in Geneva last week, it would be desirable to resume the Joint Nuclear Control Commission meeting on mutual nuclear inspections of North and South Korea. The joint commission meeting was suspended in January 1993.

He added, however, that the government would not first propose to resume the meeting because there is a very slim possibility that North Korea will come to such a meeting until it sits down for the next talks with the United States slated for Sept. 23.

### Further Reportage on Pannational Rally

#### 5,000 Students Demonstrate

SK1308133594 Seoul KBS-1 Television Network in Korean 1235 GMT 13 Aug 94

[Text] The fifth pannational rally slated for the afternoon of 13 August virtually failed with the announcement by the South side's headquarters for promotion of the pannational rally postponing the rally opening until tomorrow due to a blockade by the authorities.

Meanwhile, despite the blockade and the decision by the South side's headquarters for promotion of the pannational rally to postpone the rally, the Korea Federation of University Student Councils [Hanchongnyon] proceeded with the rally by itself, clashing with the police who were deterring the rally at various places.

Some 5,000 members of Hanchongnyon, who attempted to enter Konguk University, which was designated the site of the fifth pannational rally, held a sit-in demonstration on a four-lane road in front of the Kui Subway Station in Kui-tong, Seoul from 5:30 [0830 GMT] to 7:00 p.m. this evening, occupying 500 meters of the road, demanding the government's permission to hold the pannational rally.

#### 2,394 Said Arrested Since 1 Aug

SK1608120494 Seoul YONHAP in English 1135 GMT 16 Aug 94

[Text] Seoul, Aug. 16 (YONHAP)—The national police have apprehended a total of 2,394 student activists and dissidents from last Aug. 1 to Tuesday noon in connection with the Fifth Pan-National Rally which the Seoul government disapproved for the reason it could serve the cause of North Korea.

Four of the total were placed under arrest for violating the National Security Law, eight criminally prosecuted and 47 referred to summary courts.

Of the remainder, 891 were set free and 1,444 were still being questioned for their roles in the rally, a police source said.

In a government decision to act rigidly on those involved in the rally, the police were hunting at railway stations and bus terminals across the country for home-coming rally participants.

The source said the total caught included 547 nabbed by Pusan police, 403 by North Cholla police, 209 by Seoul police, 130 by South Cholla police, 61 by South Kyongsang police, and one by Incheon police.

Meanwhile, Home Minister Choe Hyong-u told reporters Tuesday the police would never condone those who "challenged the public authorities with violence."

"The police will ferret out all those who used steel pipes or otherwise were involved in the violence, and will rigidly deal with them by law," he said.

He vowed his government would do all it could to "uproot" lawlessness and violence and to firm up the liberal democratic system of the nation at whatever cost.

### Eight More DPRK Loggers Seek Asylum in Seoul

SK1608022494 Seoul YONHAP in English 0116 GMT 16 Aug 94

[Text] Seoul, Aug. 16 (YONHAP)—Eight more North Korean loggers escaping Siberian labor camps arrived in Seoul Tuesday afternoon to resettle.

Their names were identified as Om Man-kyu, Han Chang-kwon, Choe Hak-chin, Kim Son-ku, Yi Sang-yun, Chon Myong-su, Yi Chol-su and Kim Chang-ho who have fled to a third country. Security authorities said they are withholding their personal information for their safety.

The loggers arrive at 3:40 PM [0640 GMT], the second such group following the arrival of five North Koreans last May 18.

The North Korean laborers have pleaded their case, citing rampant human rights violations in the Siberian camps, set up by Pyongyang on the Russian soil for profits shared between North Korea and Russia.

Seoul declared it will accept the loggers who wish to resettle in South Korea.

### Preparations for Korean Fighter Project Smooth

SK1308233994 Seoul CHUNGANG ILBO in Korean 13 Aug 94 p 27

[Article by reporter Cho Yong-hyon entitled "How Manufacture of the Next-Generation Fighter Project Is Carried Out"]

[Text] The next-generation fighter project, the Korean Fighter Project (KFP), has finally entered full-fledged production.



The F-16 Falcon, which the Samsung Aviation Co. (representative Yi Tae-won) stated on 12 August had begun assembly, is the first of the F-16's to be produced and supplied in the ROK, and the 13th in the total project. Of the 120 Falcons to be supplied by Samsung and U.S. Lockheed, 12 are to be imported in finished form.

According to the KFP, Samsung was supposed to begin assembling the first locally-produced aircraft this August, but began two months ahead of schedule due to smooth preparations.

Director Cho Kon-hwan of Samsung Aviation and David Ashe, director of Lockheed's Korean Project Division, met reporters on 12 August to explain the process of the preparations and the direction the project is to follow.

According to them, Samsung Aviation completed the assembly plant in Sachon in October of last year, secured 135,000 sheets of technical data by the first quarter of this year, trained 628 technicians and engineers overseas, and completed 1,900 process designs. This means the company has completed 99 percent of its securing of technical data, 86 percent of its overseas training for technicians and engineers, and 67 percent of its securing of process designs.

Investing \$20 million, Samsung has constructed a production management system capable of integrating and managing 200,000 parts and their 100 suppliers, and has an optical filing system capable of managing 450,000 documents for keeping track of and following-up the management of technical blueprints.

A noteworthy success is that an offset program has been put into operation in conjunction with this project so they can undertake joint international development of a high-performance trainer.

When the KFP agreement was concluded, Lockheed promised to provide South Korea with technological assistance for the development of its high-performance trainer. Taking this opportunity, Samsung decided to jointly develop a high-performance trainer that can also be used as a light fighter in order to sell it on international market.

Accordingly, Samsung has recently agreed with Lockheed and CASA of Spain to jointly develop a high-performance trainer. Samsung is planning to develop four aircraft for trial production by 1998, and to produce some 800 aircraft in the 2000's to sell them on the international market.

Lockheed has already deployed 75 specializing technological personnel, of which 26 are from Samsung, and has begun designing the high-performance trainer. Samsung is planning to dispatch 10 additional designers.

Director Yi [as published] said: By the time the KFP is completed in 1999, we will have achieved localized

production of 61 percent for the body, 39 percent for the engine, 33 percent for aviation electronics, and 38 percent for fuselage accessories.

Of the total 120 F-16's to be supplied to the ROK Air Force, 12 will be purchased in finished form, 36 will be assembled by Samsung through introduction kits, and 72 will be produced by Samsung. In this process, Samsung will gradually push ahead with localizing production in five stages.

At the same time, preparations remain smooth within the eight cooperating companies—Korean Air, Daewoo Heavy Industry, Gold-Star Precision, Daeyong Electronics, Samsung Electronics, Kia Mechanical Engineering, Hyundai Precision Industry, and Hanguk General Machinery. In the case of Daewoo Heavy Industry, the production of body parts began two months ahead of Samsung Aviation.

### DPRK Defectors' News Conference Reviewed

*SK1608043894 Seoul SISA JOURNAL in Korean 11 Aug 94 pp 6-10*

[Article by reporter Kim Tang based on the news conference held by two DPRK defectors to the ROK, at the Korea Press Center in Seoul on 27 July, entitled: "First-Class Information Veiled by 'Nuclear Warheads': A Close Analysis of the 'Six Secrets' Revealed at the Defectors' News Conference"]

[Text] The joint news conference held by Messrs. Kang Myong-to and Cho Myong-chol at the Korea Press Center on 27 July attracted extraordinary media attention not only because it was the first news conference by defectors since the death of North Korean President Kim Il-song, but because Mr. Kang is the son-in-law of North Korean Premier Kang Song-san, who ranks third in the North Korean hierarchy, and Mr. Cho is a son of former North Korea construction minister Cho Chol-chun. The immense media interest may have stemmed from the fact that following the closure of North Korea's borders following Kim Il-song's death, they had been focused on marginal issues such as who was expressing condolences over Kim Il-song's death and who was pulling the wires behind the Chusapa student movement [followers of Kim Il-song's *chuche* idea].

The day after the news conference, almost all of the mass media, with the exception of the HANGYORE SINMUN, cited Mr. Kang's remarks in front-page articles entitled, "North Korea Manufactured (or Possesses) Five Nuclear Bombs (or Nuclear Warheads)." The very next day, almost all of the media, with the exception of the CHOSON ILBO, coincidentally expressed doubts about the credibility of what had been reported the previous day. The question was whether North Korea had actually produced (or possessed) the five nuclear bombs or warheads.

They unanimously pointed to the confusion in the handling of North-related information and the problems in



the ROK-U.S. cooperative system. They were particularly suspicious about whether the news conference was aimed at throwing cold water over the third round of the North-U.S. high-level talks since it was arranged by the government (or the National Security Planning Agency, NSP) at a tricky time.

The North Korean media also completely denied what Mr. Kang said at the news conference. Pyongyang Radio simply refuted everything and called Kang "human trash who embezzled large amounts of public funds." Its allegation about his embezzlement of public funds was convincing in some aspects, as Mr. Kang himself disclosed that North Korean authorities suspected that he had embezzled money he failed to collect for the steel plates and second-hand cars he sold while he was in China. So, in the eyes of North Korean society that regards capitalism as trash and that bans reckless contacts with foreigners, Mr. Kang is "human trash" who betrayed the fatherland.

Notwithstanding the commotion he created at home and abroad with the unconfirmed information about nuclear bombs, Mr. Kang has provided extremely useful, up-to-date, and high-class information. Media attention, however, has been focused only on the unconfirmed information regarding North Korea's possession of five nuclear bombs. Mr. Kang provided very important information which can change the direction of the government's basic policy toward the North: Detailed information like the license plate number (211-5555) of the Benz belonging to O Chin-u, the DPRK People's Armed Forces Minister, and information that the Team Spirit exercise which the South claims is defensive, is regarded by the North as an offensive exercise, and thus a major reason for North Korea's economic difficulty, and that North Korea's nuclear development is being pursued defensively to guarantee security against the danger of a U.S. attack and in an effort to extricate itself from economic difficulties by turning defense industry plants into ones for civilian use.

Such information could serve as important grounds for the government to determine basic policies such as whether it should intensify the Team Spirit exercise in order to worsen North Korea's economic difficulty and thus expedite its collapse, or halt the exercise to relieve North Korea and lead it to open up and reform.

The following is a gist of noteworthy points revealed for the first time at the news conference.

#### **A Dissident Intellectual Group Exists**

The motives of defection for the two did not differ much from other defectors. Both persons pointed out their antagonism against the Kim Chong-il system and Kim Chong-il himself. In contrast to Mr. Kang who had once been detained at the No. 18 Detention Camp on the orders of Kim Chong-il, Mr. Cho, who had experienced a relatively smooth career, cited his uncertainty about the Kim Chong-il system as one of his motives for

defection. In particular, Mr. Cho gave a noteworthy answer to the question of how his family and relatives would regard his defection. Saying "I have a wife and a son," in answer to this embarrassing question, Mr. Cho added that: "For those who follow the Kim Chong-il system, my act is a traitorous one, but I hope they do not think that I came down here to seek a better life here only for myself."

He said that those opposing the North Korean system who remain in North Korea, will probably ask "why did you opt to go to South Korea to live a good life only for yourself, instead of remaining with us to wage a struggle?"

What Mr. Cho meant was: "People will not speak well of me regardless of whether they favor or oppose the North Korea system, and I regret such realities."

When he was an instructor at Kim Il-song University, he was able to meet with students who professed dissatisfaction with the North Korean system, and although it was never formalized, that fact that a dissident intellectual group that aspires to "remain to struggle" exists was never before revealed by any other defector.

#### **The Director of the State Security and Defense Department [kukka anjon powibujang] Is Cho Sun-paek**

In the course of the disclosing the motives for his defection, Mr. Kang supplied some very important information. According to Mr. Kang, he went to China in late December of last year to personally collect bills for the 600 tonnes of steel materials and 50 used Japanese-made cars that were exported to China. Mr. Kang was able to go to China despite his record of having been detained at a detention camp for "reckless contacts with foreigners," because he was aided by "Premier Kang Song-san, his father-in-law, and Cho Sun-paek, deputy director of the Organization and Guidance Department and the director of the State Security and Defense Department of the party Central Committee." In saying "I heard on October 1993 from an (unnamed) official of the State Security and Defense Department responsible for guarding the nuclear facilities in Yongbyon" that North Korea possesses five nuclear bombs, Mr. Kang again stressed that "I am quite close to Director Cho Sun-paek and his son was with me." He disclosed that he went to China with Cho Myong-sik (Director Cho Sun-paek's son) who is an instructor at the Nungyongyunjon Joint Venture Company under the Finance Department of Kumsusan Assembly Hall for which Mr. Kang was vice president, but that he sent Mr. Cho back first when it became apparent that there were problems in collecting money for bills. While I was in Beijing, a friend of mine stationed in Yanji as an official of the State Security and Defense Department informed me that an order had been issued for my arrest, and that is how I came to the ROK via a third country.

Since a man with the backing of the "director of the intelligence agency of North Korea" had come to the



ROK, the NSP could not have asked for a better defector. Furthermore, this is very noteworthy in that the name and face of the director of North Korea's State Security and Defense Department has never been revealed to the public in the last 10 years. The name of the State Security and Defense Department has never appeared in the diagrams of North Korea's hierarchical line-up as have been disclosed by the ROK Government or the mass media since Kim Il-song's death. It seems that the director of the State Security and Defense Department is using an assumed name even in the hierarchical line-up.

The speculation is probable in light of Cho Myong-chol's testimony. Asked about Choe Yong-ho, father-in-law of Cho's brother Cho Tong-chol and who worked for Kim Chong-il at his Secretariat for 15 years, Cho said, "He is a deputy-director level of the Secretariat of the party Central Committee but few people know him even within the party departments because he uses a false name. He is very close to Secretary Kim Chong-il and calls him 'Comrade [tongmu] Kim Chong-il.' As far as I know, he is in charge of cultural and financial affairs at Kim Chong-il's Secretariat."

#### **Actual No. 2 Man Is Chang Song-taek**

Kang also provided new information on the position of Chang Song-taek, brother-in-law of Secretary Kim Chong-il and who is known as "the closest aide" working as the director of the Youth and Three Revolutions Teams Departments of the party Central Committee since December 1989. The person attracting the most attention in the Kim Chong-il system, Chang Song-taek is regarded as a core figure of the next generation and rumors have it that Kim Chong-il once wanted to appoint him director of the State Security Department. Kang said, "Chang Song-taek was transferred from the post of director of the Youth and Three Revolutions Teams to the first deputy director of the Organization Guidance Department before I left for China in December 1993." Kang added that Kim Chong-il gave his position of director of the Organization Guidance Department to Yun Sung-kwan, whom he trusted, but that when Yun gained too much power, Kim Chong-il fired both him and Ko Kap-chong, Yun's close friend and the first deputy director in charge of censorship in the Organization Department, and, eliminating the director's post at the Organization Department, appointed Chang Song-taek first deputy director.

Judging from Kang's remarks that "the position of the first deputy director of the Organization Department is more powerful than the secretaries of the party Central Committee," Chang Song-taek is already actually playing the role of No.-2 man in the Kim Chong-il system.

#### **Newly Revealed Kim Il-song Family Tree**

The Kim Il-song family tree is an important resource to understanding the North Korean system. The North

Korean society is a clan system in which Kim Il-song's relatives and in-laws occupy the core positions of power. Kang's testimony adds considerable new information to the Kim Il-song family tree, a popular subject for the media following Kim Il-song's death, and particularly provides information on Kim Il-song's maternal family. The Kang family are remote relatives to Kim Il-song's mother's maiden home. Defector Kang's grandfather was a second cousin to the father of Kang Pan-sok, the mother of Kim Il-song.

Premier Kang Song-san was thought to be Kim Il-song's cousin by a maternal aunt but it was revealed this time that he is not related.

According to Kang, if one says he is from the so-called Mangyongdae family tree (the family tree of Kim Hyong-chik, Kim Il-song's father) or the Chilgol family tree (the family tree of Kang Pan-sok, Kim Il-song's mother), it works everywhere. According to the Kim Il-song family tree revealed by Kang, the relatives and in-laws are leading the work to idolize the Kim Il-song and Kim Chong-il family tree in various parts of North Korean society, particularly in the Kim Chong-il Museum, whose director is Kang Tok-su, under the Ministry of the People's Armed Forces, and in the General Bureau for the Guidance of Revolutionary Historical Sites, whose secretary is Kang Yong-hyon.

It is a well-known fact that Kim Il-song established the Mangyongdae Revolutionary School in 1947 after the liberation to take care of the children of anti-Japanese comrades. The so-called bereaved children of revolution whom he "adopted" from Manchuria and within North Korea are now in major positions of the party, government, and army, which are the core of the power, after taking elite courses at Mangyongdae School and Kim Il-song University and abroad in former Soviet Union and Eastern Europe. It is similar to "Hanahoe" which is a political officers group brought up by Former President Pak Chong-hui to protect his establishment.

According to Mr. Kang, a graduate of the first class of the Mangyongdae Revolutionary School, Kang Song-san studied at the Kim Il-song University and also in Czechoslovakia. Mr. Kang said: In particular, Kim Il-song organized the so-called "Loyal Guards Company" composed of bereaved children of the revolutionary fighters, who were students of the Mangyongdae Revolutionary School, during the Korean War. They had been "systematically fostered by Kim Il-song." They are: Kang Song-san, premier; Yon Hyong-muk, former premier; Kim Hwan, vice premier; Yi Kun-mo, former premier; O Kuk-yol, director of the Operations Department of the party Central Committee; Yi Pong-won, deputy director of the General Political Bureau of the military; Choe Sang-uk, commanding officer of the Artillery Command; Kim Kuk-tae, secretary of the party Central Committee; Kim Tu-nam, member of the party Central Military Commission [title as published]; and Kim Si-hak, whose post is not known and 110th on the funeral committee



list. It seems that they will back up the Kim Chong-il system "with loyalty from generation to generation."

#### **The Main Enemy of Economic Difficulty Is the Team Spirit Exercise**

The two defectors were unanimous in predicting an uncertain Kim Chong-il system and showing a negative attitude about the possibility of a breakout of power struggle. This is seemingly because there is a firm supporting base for Kim Chong-il. In particular, as to the background of why an official announcement about succession to power is being delayed even though the post of the head of state has been empty for 20 days, Mr. Kang said: "No matter how late the succession to the posts of the president of state and the chairman of the party Central Military Commission may be, the power will not go elsewhere. This is because Kim Chong-il has already assumed the reins of power."

According to Mr. Kang, the expected change in North Korea's power structure is quite contrary to general speculations. That is to say, O Kuk-yol will replace the second-ranking O Chin-u, and accordingly, either O Chin-u or Yi Chong-ok will assume the symbolic post of the president of state. But, O Chin-u will desperately excuse himself from the post by stressing the need to concentrate power. Therefore, the question of who will assume the post of the presidency has nothing to do with a power struggle.

This notwithstanding, Mr. Kang pointed out: "Since he has to solve the food shortage and economic difficulty by himself, Kim Chong-il must feel a burden upon his shoulders."

To the question about the prospects for the Kim Chong-il system, the two men predicted unanimously that unless Kim solves food shortage and economic difficulty, the system will fall in the near future. In particular, Mr. Kang said emphatically: "It is no exaggeration to say that 70 percent of the civilian economy is completely dead." As an example, he cited Chongjin Chemical Textile Plant, whose operation was discontinued in 1991, and Kim Chaek Iron Works, only one of whose three furnaces is in operation. Mr. Kang provided the following diagnosis: "While I cannot pinpoint the life span of the Kim Chong-il system as lasting two or three years, I feel that if he cannot break through the economic difficulty, his system will fall." Furthermore, our attention is drawn to the assurances of Mr. Cho, whose father was minister of construction of the State Administration Council for 15 years until last May, that: "All cabinet members of the State Administration Council clearly desire opening up." He stressed that while differences may exist in organizing and reflecting their opinions in practice, "I can assure you that all the ministers of the State Administration Council feel that the most urgent question in solving economic problems is opening up."

What is noteworthy in connection with the background of North Korea's serious economic difficulty is the

following testimony about the ROK-U.S. joint Team Spirit exercise: "Whenever the Team Spirit exercise is conducted, a huge loss is inflicted upon North Korea, because North Korea does not regard the exercise as defensive, but as an offensive exercise against it. Subsequently, when the exercise begins, the whole of North Korea is put on emergency alert; members of the Red Worker-Peasant Militia will completely leave their plants and cooperative farms to occupy positions in the hills; and college students, too, will take up positions in the military training corps.

[Paragraph continues] Such being the case, there cannot be a good harvest. Crude oil is the most valuable resource in North Korea. Only when fuel is supplied, can tractors and any other agricultural equipment be operated to till paddies and sow seeds. Every time a Team Spirit exercise started, combat equipment of the People's Army were fully mobilized for maneuvers. Since crude oil is used for maneuvers, the North Korean Government could not supply oil to farms. In addition, cooperative farm members cannot engage in farming because they have to participate in Worker-Peasant Red Guards exercises."

Mr. Kang particularly pointed out that last year when a semi-war state was declared due to the Team Spirit exercise and the conflict between the North and the United States reached an extreme over the nuclear issue, the situation in North Korea was so hard that even Premier Kang Song-san said "we cannot keep up for long if things continue like this."

According to Mr. Kang, Kim Chong-il was very ill in the second half of the year because he was overworked. He gave instructions for the North Korea-U.S. talks by staying day and night in the office building of the party Central Committee when the crisis between North Korea and the United States reached its culmination. Mr. Kang attributed Kim Chong-il's such moves to the crisis awareness that "the United States may attack North Korea's local areas in case the North does not return to the Nuclear Nonproliferation Treaty."

To prove his allegation, Mr. Kang provided the following as an example. He said every department of the North Korean government was put on emergency alert and ordered North Korean intelligence agents to collect all information regarding 1) the chances of a real attack from the United States; 2) the likelihood and degree of Chinese assistance in case a war breaks out; and 3) China's exact stance regarding nuclear inspections.

In connection with this, he said he had witnessed a scene at the borderline area in Yanbian where instructors of a second division of the Foreign Intelligence Investigation Department of the party Central Committee were receiving reports from the agents who had been dispatched to China. According to Mr. Kang, the Foreign Intelligence Investigation Department is in charge of collecting information and submitting reports that will help Kim Il-song and Kim Chong-il set up their domestic



and foreign policies. In the case of China where the department has dispatched dozens of intelligence agents, the vice director of this department works as a counselor at the North Korean embassy. This shows how important China is to North Korea in sustaining its system.

#### **Nuclear Development Is for Defense and Economic Recovery Purposes**

As mentioned before, Mr. Kang said "I heard it from an official of the State Security and Defense Department responsible for guarding the nuclear facilities in Yongbyon in October 1993 that North Korea already possesses five nuclear bombs." Mr. Kang said that as he was close to Cho Sun-paek, the director of the State Security and Defense Department, and Cho's son worked with him at the same company, he met the official responsible for guarding the nuclear facilities in Yongbyon at a hotel in Pyongyang to hand over goods, such as beer and cigarettes, that were needed for the wedding ceremony of the official's son. Mr. Kang said the official made the remark while dining with him.

According to the official's remark as revealed by Mr. Kang, while North Korea's original goal is to possess 20 nuclear bombs, if the goal is not attained by 1994, they will stop at around 10 or so, then announce the possession of the nuclear bombs. While we have no way to confirm his startling allegation, there seems to be some truth in his story that he heard this information from the official of the State Security and Defense Department responsible for guarding the nuclear facilities in Yongbyon.

The most important passage in the information disclosed by Mr. Kang, however, is the purpose of North Korea's nuclear development. Mr. Kang summarized the purposes of North Korea's nuclear development into two.

"Kim Chong-il regards nuclear weapons as the only means for maintaining his system. In particular, he considers that nuclear weapons can solve the present food shortage and recover the difficult economic situation, because there are more munitions plants than nonmilitary industry plants in North Korea and he thinks that in order to turn the munitions plants into nonmilitary industry plants, having nuclear weapons is a must.

In other words, Kim Chong-il thinks that only by possessing nuclear weapons can the money invested in munitions plants be reduced and, can that money, in turn, be spent on improving the people's living. This is precisely Kim Chong-il's basic objective.

His second objective is that with the collapse of the socialist countries in East Europe, North Korea has changed its strategy from an offensive one to a defensive one. In other words, to avoid an attack from the United States it is imperative to possess nuclear weapons. I

think that once North Korea completes its nuclear development, it will proceed with a confident attitude of "Attack us if you dare."

In a nutshell, Mr. Kang's remarks mean that North Korea is attempting to possess nuclear weapons as a means to solve its economic difficulties and to defend itself from the United States. This is considerably removed from the general understanding that observers have had thus far.

While the effect the Team Spirit exercises have on North Korea and the objective of North Korea's nuclear development were alluded to occasionally by North Korean defectors, this is the first time they were revealed in such detail.

Through this news conference, the two defectors eventually presented our government with an important "option." In other words, the option is whether our government should continue to push North Korea to a point where its system is collapses or whether our government should clarify that it has no intention to attack North Korea by taking an gesture of declaring the suspension of the exercises, thereby leading North Korea to the road of opening up and reform.

Turning away from this basic option, however, South Korea appears to be sticking to the problem of how many nuclear bombs North Korea has, which cannot be confirmed at present. Some press organs have even taken issue with the fact that the Agency for National Security Planning—which must have known in advance of the contents of Mr. Kang's "shocking remarks on the nuclear bombs"—failed to inform the United States in advance of such contents. Furthermore, the assumption of a critical attitude by the government and the majority of the press towards the dispatch of U.S. President Carter to North Korea by the U.S. Government seems to contradict their objectives.

Some people have taken issue with the timing of the news conference. This appears to be appropriate. The opinion on why the news conference to reveal the defector's remarks on North Korea's nuclear bombs was held on 27 July, of all days, may be more appropriate than the opinion on why the news conference was held on the eve of the North Korean-U.S. talks.

Even during the mourning period of the death of Kim Il-song, North Korea held a military parade to celebrate its "war victory anniversary" and ceremonies were held to mark the day at the 8 February Cultural Hall, thus presenting "a show of arms" against South Korea. The same day, the ROK Government demonstrated "the superiority of its system" through the news conference of the two North Korean defectors, one a son-in-law of the prime minister of North Korea and the other an instructor at Kim Il-song University.

As long as such "reciprocity" continues, North-South relations will be destined to continuously proceed on parallel lines.



### Seoul, UK Sign Maritime Transport Agreement

SK1208002294 Seoul THE KOREA HERALD in English 12 Aug 94 p 2

[Text] Korea and Britain signed a maritime transport agreement in Seoul yesterday, giving each other most-favored-nation status and establishing a joint committee to promote maritime transportation between the two countries.

Foreign Minister Han Sung-chu and British Ambassador to Seoul Thomas George Harris signed the agreement that removes any discriminations against vessels registered in the two countries and against branch shipping offices doing business in their respective countries.

The joint committee will oversee the implementation of the agreement.

### PRC Government's Support for Kim Chong-il

SK1608112094 Seoul KBS-1 Radio Network in Korean 1000 GMT 16 Aug 94

[Text] It has been learned that the PRC expressed through diplomatic channels its firm stance to support North Korea's Kim Chong-il in his succession to power following Kim Il-song's death. Reporter Kim Song-mo will provide the details.

[Begin Kim recording] In a condolence message sent last month on the death of Kim Il-song, PRC leaders—including President Jiang Zemin—made clear their support for Kim Chong-il. It was learned today that earlier this month, they again repeatedly expressed through diplomatic channels the PRC Government's firm stance to support Kim Chong-il's succession to power.

One Western diplomatic source in Beijing disclosed: Earlier this month, the PRC Government called into the Ministry of Foreign Affairs Chu Chang-chun, North Korean ambassador to the PRC, and clearly conveyed to him the stance that the PRC Government will support Kim Chong-il's succession to power.

As Western observers analyzed: The PRC Government has repeatedly made clear its support for Kim Chong-il. This is connected with a supposed conflict taking place within the North Korean hierarchy.

In this connection, one source predicted: The PRC Government's repeated expression of support is a warning against anti-Kim Chong-il forces. It seems Kim Chong-il's assumption of the reins of power will soon be officially announced.

This source went on to point out: Sometime next month, Kim Chong-il will officially be elected general secretary of the party and president of the state.

Some sources in Beijing disclosed: Presently, a confrontation [taerip] exists between Kim Chong-il and Kim Yong-chu, Kim Il-song's younger brother, for the presidency of the state within the North Korean hierarchy.

This has been Kim Song-mo for KBS News. [end Kim recording]

### Reports on Kim Il-song's Heart Attack

SK1608103894 Seoul YONHAP in English 1026 GMT 16 Aug 94

[Text] Tokyo, Aug. 16 (YONHAP)—North Korea's Kim Il-song suffered a heart attack on the night of last July 7 after inspecting a farmland near his Mt. Myohyang villa earlier in the day, and succumbed the following day, July 8, the newspaper ASAHI SHIMBUN reported here Tuesday.

The daily said a Korean journalist active in the United States, Mun Myong-cha, who visited Pyongyang to attend Kim Il-song's funeral, heard senior North Korean officials saying that Kim Il-song traveled to Mt. Myohyang on July 7 to personally oversee details of reception programs for South Korean President Kim Yong-sam set to visit North Korea in a South-North summit slated for July 25.

An original itinerary for Kim Yong-sam did not include a visit to Mt. Myohyang reputed for fine scenery.

But, the officials said Kim Il-song was promoting a plan to have President Kim Yong-sam take a rest at the Mt. Myohyang resort.

Accompanied by several cabinet members, Kim Il-song personally checked the bedroom and bathroom of the Mt. Myohyang Guest House and advised guest house managers to keep bottles of mineral water in a refrigerator, according to Mun.

Officials said that braving the scorching heat of 37 to 38 degrees in Celsius on that day, he inspected a farm near his Mt. Myohyang villa and was stricken by a heart attack that night.

Learning of the attack, Kim Chong-il who was then in Pyongyang hurriedly sent a medical team to the villa by helicopter, who incised his heart in an operation but it was too late, the paper said.

### Hyundai Heavy Industries To End Lockout

SK1608122394 Seoul YONHAP in English 1138 GMT 16 Aug 94

[Text] Ulsan, Aug. 16 (YONHAP)—Hyundai Heavy Industries Co., which has been embroiled in a lingering labor dispute, said it would lift the lockout effective Wednesday [17 August], thus setting a stage for resumed labor-management negotiations.

"We can no longer carry on the lockout because the protracted dispute has already cost a lot to both workers and management as well as to local economy," company President Kim Chung-kuk told a press conference.



Kim urged striking workers to return to normal work, threatening that the company would take firm steps against those who obstruct normal work.

Meanwhile, the union said unionists would return to work effective Thursday morning, and proposed that the two sides resume negotiations at 10 A.M. Wednesday [0100 GMT 17 August].

In the labor dispute that began 54 days ago, the country's largest shipyard suffered a sales setback of 428.9 billion won and a 289-million-dollar loss in exports.

Besides, the company failed to obtain overseas contracts totaling 750 million dollars, which were earlier almost sure to be given to Hyundai, a company official said.

### **Strike To Force Hyundai To Fire Workers**

*SK1608083094 Seoul YONHAP in English 0532 GMT 16 Aug 94*

[Text] Ulsan, South Korea, Aug. 16 (YONHAP)—Hyundai Heavy Industries (HHI), suffering from repeated failures in international biddings for big projects due to a dragged-on strike, is likely to lay off a large number of employees next year as a result of a sharply reduced workload.

As the strike has been dragging on since June 24, the company's international credibility has fallen to the extent of damaging its qualifications as international bidders for big projects, company officials said Tuesday [16 August].

Over the past one and half months, it failed to participate in international biddings for projects worth a total of 750 million U.S. dollars, including construction of two large crude oil carriers worth 200 million dollars and a 500-million-dollar oil production facility project.

Failures in such biddings are expected to increase further, because the lengthy strike has made the company unable to meet the delivery dates for the ships and oil production facilities under construction now, the officials remarked.

Accordingly, the company will see a sharp decrease in its workload next year, they added.

The company now employs some 26,500 workers, and many of these employees will be laid off during next year, they observed.

"The company recently lost much of its international competitiveness," said one of them, "And on top of this, the strike has hurt the company's international credibility and, as a result, the company has been even excluded from some international biddings. If the strike goes on further, resulting in repeated failures in international biddings, the company will have no choice but a slash of its workforce next year."

### **Daewoo Chairman Questioned by Prosecution**

*SK1308013294 Seoul YONHAP in English 0117 GMT 13 Aug 94*

[Text] Seoul, Aug. 13 (YONHAP)—Daewoo Business Group Chairman Kim U-chung reported to the prosecution early Saturday [13 August] to be interrogated on charges of offering bribes to a former Korea Electric Power Corp. (KEPCO) president in a kickback for the right to construct nuclear power plants for the KEPCO, the prosecution said.

Kim admitted during an intensive questioning that he had given 200 million won to An Pyong-hwa, the then KEPCO president, in July 1991 in a show of gratitude for allowing Daewoo to win a bid for the construction of two nuclear power plants in Wolsong, North Kyongsang Province, a prosecution source said.

The prosecution plans to indict Kim without physical detention as he admitted bribing An, according to the source.

Kim reported to the Central Investigation Department of the Supreme Public Prosecutor's office around 5:00 A.M. [2000 GMT on 12 August] through the underground passage of the office building apparently to avoid exposure to the news media, said the source.

Kim, who flew into Seoul 5:20 P.M. Friday on an Asiana Flight 3165 from an overseas trip, initially refused to comply with a prosecution request to report to the prosecution fearing that he might be exposed to media spotlight, according to the prosecution source.

### **Iljin Diamond To Purchase GE Technology**

*SK1308032494 Seoul THE KOREA HERALD in English 13 Aug 94 p 1*

[Text] Iljin Diamond Co. and General Electric Co. (GE) ended a four-year legal battle over alleged industrial espionage with an out-of-court settlement in which the Korean industrial diamond producer agreed to buy GE's manufacturing technology.

The terms of settlement were not immediately available. But a spokesman for Iljin said yesterday the several technologies it is purchasing from GE under a royalty include the die technique which had prompted GE to file a suit at a U.S. court in 1989.

The American company had sued Iljin for alleged stealing of a trade secret through a former GE employee. The Korean company had been asserting that it independently developed the technique with researchers at a government research arm, the Korea Institute of Science and Technology (KIST) over a six-year period.

The U.S. District Court in Boston finally had ruled in 1993 that Iljin halt the production of synthetic diamond for seven years and dispose of its manufacturing equipment.



Iljin in turn sought to reverse the Boston's court's ruling when the two companies began talking of settling the case on their own.

The out-of-court settlement came four months after the two companies agreed in principle last April to drop the lawsuit under the condition of the Korean company's importing of GE's technology.

"On the whole we find the settlement satisfactory," said an Iljin official yesterday, adding the two companies have already signed agreement.

No comments were available from GE Plastics Korea Co. in Seoul. A company official said GE's Korean subsidiary was in no position to speak on the issue involving the company's home office in the United States.

#### **Technological Infrastructure To Include R&D Labs**

*SK1308033694 Seoul THE KOREA HERALD in English 13 Aug 94 p 8*

[Text] As part of its efforts to expand the nation's technological infrastructure, the Ministry of Trade, Industry and Energy (MOTIE) has decided to build networks of private and public R&D [research and development] labs by region and industry.

As a first step, the ministry plans to survey some 200 public and private R&D centers across the nation to gather data on their organizations, research activities, training programs and information collection systems.

The survey will begin Aug. 16 and run for a month.

Based on survey outcomes, the ministry intends to select a manufacturing technology center (MTC) in each region which will serve as the hub of the technology innovation network of the region.

An MTC is supposed to have the greatest technology development potential among research labs in a region. By building a network around it, the ministry intends to concentrate development resources in it, thus further enhancing its capabilities.

Each MTC will be fostered in consideration of each region's industrial structure. For instance, when a region's mainstay industry is automobiles, its MTC will be encouraged to focus on automobiles.

In addition to those regional networks, the ministry plans to build a network for each industry.

The hub of this industry-specific network is called a "central network agency" (CNA).

In the electronics industry, the CNA will be the Korea Electronics Technology Institute (KETI) which is jointly funded by the state and private firms.

The MTCs and CNAs will be interconnected through a nationwide industrial information network that the ministry plans to build by 1997.

The ministry intends to build an exemplary regional network by the end of this year before implementing its plan in earnest.

#### **Government To Build 'Free City'**

*SK1308081994 Seoul CHOSON ILBO in Korean 13 Aug 94 p 1*

[Report by Kang Hyo-sang]

[Text] The government is secretly reviewing the possibility of building a Hong Kong-style international free city on the reclaimed land near Yongjong Island on the west coast in preparation for the restructuring of the international economic order in Northeast Asia in the 21st century. It was learned on 12 August that the government has also decided to build a new large port and harbor on Kadokto in Pusan and to begin a basic survey next year.

A senior government source stated: As part of the strategy to prepare for the restructuring of the economic order in Northeast Asia in the near future, it has been proposed to build a Hong Kong-style international free city near Yongjong Island on the west coast. I understand that Transportation Minister O Myong and the Chongwadae [presidential offices] Social Overhead Capital Planning Group are secretly involved in the review of the project at present.

The government is considering further expanding the scale of the reclamation of the tideland on Yongjong Island, where a new airport will be built, so this area will not only be developed as an important place of transportation in Northeast Asia, but will be developed into a gigantic free city to assume the role of an information-communication, financial, trade, and resort center for the region.

The government source continued: The international city in Yongjong Island will use Hong Kong as a model. We are considering building a free city of an exceptional concept, where the travelers will enter without visas and enjoy shopping almost duty free, free from Korean-style legal practice or administrative restrictions.

In order to expand the development of the Kyongsang provincial area, including Pusan, the government is considering reclaiming the tideland between Pusan and Kadokto and building a new port and harbor, separate from the existing Pusan port. For this purpose, the government is planning to conduct a feasibility survey beginning next year.

#### **Daily Analyzes Rivalry Within Democratic Party**

*SK1308035694 Seoul THE KOREA TIMES in English 13 Aug 94 p 2*

[Text] The move of factions in the nation's major opposition Democratic Party [DP] has been drawing



special attention in connection with the party's hegemony following the Aug. 2 by-elections.

Encouraged by the "victory" in the Kyongju electoral district, DP chairman Yi Ki-taek's mainstream group has tried to take the initiative in a competition for party leadership now shared by nine co-chairmen.

In this connection, most party insiders agreed that what Yi said at a press conference two days after the elections has special meaning.

In the news conference, he indicated the need to change the DP's current collective leadership system so that one chairman can have stronger power and stressed that he will not tolerate anyone who criticizes him.

But while Yi was meeting the press, his archrival Rep. Kim Sang-hyon was in Taegu to console a DP candidate who was defeated in the Taegu Susong-B by-election.

His move was interpreted as trying to build a powerbase in the Kyongsang Province area. "He seems to fully understand why he was defeated in the last national convention by Yi who enjoyed strong support of representatives from there," said a party official.

Then Kim met Reps. Pak Chan-chong and Kim Tongkil, co-leaders of the splinter New People's Party, to discuss ways to realize a "grand merger of the nation's opposition forces."

The opposition coalition is a card DP Chairman Yi has been using to accomplish his ambition to "realize real power transfer to a real opposition party."

Kim even hurt Yi's feelings by playing down the DP's "victory in the by-election," during the meeting with the two NPP leaders. He was reported as saying that the opposition party won the battle but lost the war.

A move by Rep. Kwon No-kap was detected around that time. Kwon is the leader of the Tonggyo-tong faction, the largest one in the DP composed of followers of former opposition leader Kim Tae-chung.

So far, the faction has supported Yi and so it is called a mainstream group together with Yi's followers.

But after its defeat by non-mainstream groups led by Rep. Kim Sang-hyon in the competition to elect the party's follower leader and selecting a vice-speaker of the National Assembly, he has been all out to restore "The good old days."

As part of his efforts, he urged followers of Rep. Kim Won-ki who were once members of his faction to return.

He was also known to have advised co-chairman Rep. Chong Tae-chol to join his group, promising he will be the next generation leader of the faction.

Political analysts said that his move was aimed at disintegrating the alliance of non-mainstream groups and warning Yi of his trial to "stand on his own feet."

Surprised by Kwon's moves, Yi, who was taking a vacation at a Seoul hotel, called his secretary Rep. Mun Hui-sang to get a grasp of the situation.

Rep. Kim Sang-hyon also had a series of meetings with Chong, who maintains an alliance with him, Kim Won-ki and Yi Pu-yong, who is leader of reformative lawmakers in the DP to find out what was happening.

Hurriedly finishing his vacation yesterday, the DP chairman convened a press conference to reveal his future plans.

He did not show any special reaction to the moves of Reps. Kim and Kwon but warned them indirectly by stressing, "Now is the time to devote ourselves to preparing for the coming regular Assembly session. It is not proper to talk about party hegemony now."

At that time when he was meeting the press, Rep. Kim was meeting former lawmaker Pak Chol-on who is now in prison on charge of taking a bribe and Hwang Sok-yong, a novelist who is also in prison for his illegal visit to North Korea.

DP chairman Yi is now stressing that his party will give top priority to the issue of revising or repealing the controversial National Security Law, most analysts say the competition for the party leadership will be growing.

### Sales of Imported Cars Increases

SK1308034494 Seoul THE KOREA HERALD in English 13 Aug 94 p 8

[Text] Foreign car sales are surging.

In the first seven months of this year, a total of 1,789 imported passenger cars were sold here, up over 60 percent from a year ago, according to a tally compiled by domestic dealers of imported cars.

For the whole of last year, the dealers managed to sell 1,952 foreign cars, only 163 more than the total during the January-July period this year.

By the end of the year, they expect sales to double to around 4,000, far surpassing the 1990 record of 2,436 units.

Given the impressive performance in June and July, this forecast may turn out to be a conservative one.

Just in the past two months, 752 cars, 300 in June and 452 in July, were driven out of the show room, accounting for 42 percent of the seven-month total.

Sales began to pick up starting March when the government confirmed during the trade talks with the United States that it would not conduct tax audits on people simply because they purchased imported cars.

The sales figures for the first five months were 153 in January, 123 in February, 222 in March, 216 in April and 323 in May.



The upward curve in foreign car sales may be attributable partly to the fast recovery of the nation's economy but probably more to the leniency toward foreign car owners that the government was forced to take under pressure from Washington.

According to the tally, the largest foreign car exporter to Korea was Ford of the United States. Ford supplies knocked-down parts of the Sable, a 3,000cc [cubic centimeter] sedan, to Kia Motors Corp., the nation's second-largest auto manufacturer.

Kia sold 537 Sables during the seven months, which were compared favorably with last year's total sales of 717.

Following Ford was Chrysler, also a U.S. carmaker whose jeeps are gaining popularity. Woosung Industrial Co., Chrysler's sales agent here, sold 355 Chrysler jeeps and cars by July. Woosung's sales for the whole of last year were 686 units.

Although the two American automakers were the two largest exporters of cars to Korea, their sales growth rates lagged far behind those of their European rivals.

European carmakers such as Mercedes-Benz, Volvo, Peugeot and BMW witnessed sales jump by two to three times those of last year.

Hansung Motor Corp., a sales agent for Mercedes-Benz, sold 237 cars up to the end of July, more than double the 105 units sold throughout last year.

Sales of Volvos from Sweden also soared: The seven-month shipment of 212 Volvos already represents 1.5 times more than last year's entire sales of 144 units.

Peugeot of France, whose cars are imported by Dongbu Corp., saw its sales surge from 49 for the whole of 1993 to 118 during the first seven months this year.

BMW and Volkswagen of Germany and Saab of Sweden also enjoyed a sharp sales growth.

Inchcape Korea, the Korea branch of the big British auto sales firm Inchcape, has sold 33 General Motors cars and eight Jaguars and five Land Rovers during the Jan.-July period this year.

#### **Economist: Central Bank Must Overhaul System**

SK1308035394 Seoul THE KOREA HERALD in English 13 Aug 94 p 8

[Text] The Bank of Korea (BOK) needs to overhaul its rediscounting system to restore its intended function of controlling the money supply, a central bank economist maintained in a report yesterday.

With its intrinsic role almost neglected, BOK's rediscounting system has been operated as a core means of providing preferential loans to industries so far, contended O Se-man of the BOK's Money & Banking Division.

The central bank thus should drastically reduce the amount of such favored loans, called policy loans here, in such a way that the rediscounting system may be used as an effective means to control liquidity, he said.

The huge amount of policy loans extended through the rediscounting system has been a major stumbling block to controlling the money supply effectively and stably, he argued.

Rediscounting is the BOK's issuing of loans to commercial banks at an interest rate below market interest rates, using commercial paper and other notes as collateral. The interest rate is called the rediscount rate and such loans, rediscount loans.

In the country, almost all of the rediscount loans are policy loans designed for subsidizing specific industries.

As of the end of June this year, BOK's rediscount loans outstanding amounted to 15,453.8 billion won, 95.7 percent of which was policy loans.

When commercial banks sought to borrow money from the central bank, they were able to take out almost all the amount they requested, O said.

In addition, they were granted the privilege of taking out a certain fraction of their total rediscount loans automatically, which made it impossible for the central bank to affect the volume of the loans flexibly, O contended.

In March this year, the central bank introduced a ceiling on rediscount loans to address the inflexibility of the rediscounting system, but the volume of rediscount loans is not on the wane, he argued.

The inelasticity of the rediscounting system also keeps the central bank from flexibly conducting other monetary policies such as open-market operations and changing the required reserve ratio, he said.

O proposed that in the future, the rediscounting system be used as a means of supplementing the function of open-market operations and function as "a lender of last resort," that is to provide reserves to the banking system when bank failures threaten to get out of control.

He also maintained that the BOK should gradually decrease the difference between the rediscount rate and market interest rates, so that the rediscount rate can serve as a bench mark for market interest rates.

#### **Typhoon Ellie Expected To Inflict 'Much Damage'**

SK1308021894 Seoul YONHAP in English 0206 GMT 13 Aug 94

[Text] Seoul, Aug. 13 (YONHAP)—Typhoon Ellie, accompanied by heavy rainy clouds, is expected to directly affect Korea from late Saturday [13 August] afternoon inflicting much damage.



An official at the Meteorological Administration said Saturday the 14th typhoon of the year was moving northwestward at 25km per hour in the seas 220km South of Kyushu, Japan, as of 4 A.M. [1900 GMT 12 August] Saturday.

"Ellie, with an atmospheric pressure of 965 hectopascals and packing winds of 35 meters per second at the eye, would reach 50km southwest of Cheju-do around 4 A.M. Sunday and move up to the West Sea to have a direct impact on our country," he said.

Typhoon Ellie, the weatherman said, gathers force as it moves and heavy damage is feared in Korea as the country would be within the area of its direct impact.

The typhoon would precipitate heavy rainfalls all across the country on Sunday and Monday, he said.

Meanwhile, the Central Anti-Calamity Headquarters on Saturday set in motion a joint duty system among relevant officials of eight government offices to cope with the approaching new typhoon.

The offices include the Ministry of National Defense, National Police Agency and Ministry of Health and Social Affairs.

"As Typhoon Ellie gets fiercer as it moves northwestward, the new typhoon is feared to cause heavier damage to the country than Typhoon Doug," a headquarters official said.



## Brunei, Malaysia & Singapore

### Malaysia

#### Mahathir Comments on Bosnia Peacekeeping

*BK1308110794 Kuala Lumpur Voice of Malaysia in English 0600 GMT 13 Aug 94*

[Text] The United Nations should hand over its weapons to the Malaysian battalion, Malbatt, in Bosnia-Herzegovina if it decides to withdraw the UN Protection Force, UNPROFOR, from the war-torn country. Prime Minister Datuk Sri Dr. Mahathir Mohamed said at least the Malbatt can use the weapons and equipment to defend themselves and the Bosnians. The weaponry of other contingents in UNPROFOR which was not used should also be given to the Pakistani and Turkish troops who were not getting any UN aid. He told reporters this in Kuala Lumpur.

The prime minister also said the Malbatt would continue to defend the sovereignty of Bosnia-Herzegovina even if the UN and NATO no longer wanted to should their responsibility.

On Israel, Datuk Sri Dr. Mahathir said Malaysia is not yet ready to establish diplomatic ties with that country because the Palestinians are still not being fairly treated by the Israeli Government. He pointed out that despite autonomous status given to the Palestinian territory, the Israeli authorities still exerted their control over the area. He maintained that the Israeli Government should recognize the head of the Palestinian Government, Yasir 'Arafat, as any other head of state and not less than that.

#### Need for ASEAN Shipping Policy Cited

*BK1308133694 Kuala Lumpur Voice of Malaysia in English 0810 GMT 13 Aug 94*

[Station commentary]

[Text] The time has come for ASEAN countries to come together to work out a common shipping policy. This is necessary to achieve coordination. Even more important, it would allow ASEAN countries to spread their wings in the maritime interest, now mainly controlled by countries outside the region. This has resulted in loss of revenues. The advantages of ASEAN countries coordinating their shipping industries are many. Together they can strive to reduce capacity overhang, trade through organizations for surface and the [words indistinct] involved in the high-cost industry. They can then even tackle piracy in a concerted manner. But at the same time they can, with one voice, stand up against the arbitrary raising of freight rates by foreign shipping lines.

The lack of a common policy has resulted in most ASEAN countries, except Singapore, to incur large deficits in their services sectors. This probably entails their establishment of an ASEAN joint shipping project. Thereafter the transportation of the region's exports and

imports can be undertaken by the ASEAN shipping company. With a common policy, there will be a proper integration of sea, coastal and waterway transport. Many of the vessels in ASEAN countries could be better utilized through cross-trading, that is, carrying cargoes between national ports as they deliver and pick up goods.

Due to the high-cost of entry in the maritime sector, doing it alone does not allow for the maximum utilization of national carriers. The result is that capacity during the return trip is not fully used. Coming together is also practical in view of the high cost associated with shipbuilding. Also, one has to bear in mind the increased seaborne trade expected after the creation of the ASEAN Free Trade Area, AFTA. This single market alone is a factor that necessitates cooperation among ASEAN countries to manage shipping operations from original perspectives.

The other problem that coordination can help to solve is environmental control. For example, ASEAN countries should adopt stringent regulations pertaining to protecting the environment. If ASEAN does not do anything in the area, the region is going to have more pollution and that means more costs. Therefore, the problem should be mixed in the part. This will also address the issue of sea accidents and oil spills which threaten coastlines of ASEAN countries.

For ASEAN to formulate a common shipping policy, member countries have to work step by step to avoid pitfalls. They could, perhaps, learn from the European Community, which is now striving to have a common policy for an integration of their single market. ASEAN has to realize the need to come together even how vulnerable their national shipping lines are, and only through original efforts can they then stand up to the willing ways of the more established foreign shipping lines. In the process, they can then have their fair share of the world maritime trade.

#### Editorial Supports Ban on al-Arqam Movement

*BK1208131794 Kuala Lumpur BERITA HARIAN in Malay 6 Aug 94 p 10*

[Editorial: "Eradicating Al-Arqam's Teachings"]

[Text] The National Fatwa [Islamic Rulings] Council yesterday banned al-Arqam and all of its teachings and beliefs. The ban covers the movement's ideology, philosophy, practices, and publications. The announcement was made by Datuk Mursyid Diraja Datuk Tajuddin Abdul Rahman, chairman of the Islamic Affairs Committee of the National Fatwa Council, following discussions at the Islamic Center by the fatwa committees with the participation of all muftis and state fatwa committee chairmen. They agreed that al-Arqam's beliefs, teachings, and ideology contravene Islamic beliefs and law and could lead Muslims astray. They are against Islamic law and the beliefs of Sunni Muslims. The practices of



al-Arqam—estimated to have 6,000 members and 15,000 sympathizers—also run counter to social morality and ethics.

al-Arqam, founded by Ashaari Muhammad in 1968, started as an ordinary missionary group that produced foodstuffs and publications. There was a sudden change in 1979, however, when Ashaari Muhammad announced his belief in Sheikh Muhammad as-Suhaimi and the Aurad Muhammadiyah [sacred scripture], which contains religious prayers and pledges and the practice of the Sunda martial arts. State religious affairs authorities studied and examined the Aurad Muhammadiyah, which is al-Arqam's sacred scripture, and declared that it contravenes Islamic law. The Ministry of Home Affairs banned the book in 1988 on the advice of the religious affairs authorities. al-Arqam ignored the ban, however, and continued to propagate and practice its teachings in economic, educational, sociocultural, and artistic activities.

Among its deviationist teachings that could lead Muslims astray are the belief that Sheikh Muhammad as-Suhaimi, founder of the Aurad Muhammadiyah, is not dead and will emerge as the Imam Mahdi [messiah]; that as-Suhaimi met Prophet Muhammad at Kaaba and received the Aurad Muhammadiyah from him; the false recognition of Sheikh Muhammad as-Suhaimi as the Imam Mahdi; and putting him on par with Caliph ar-Rashidin [disciple of Muhammad]. Pursuant to the ban, Muslims are barred from practicing the teachings and ideology or becoming members of al-Arqam; leading or giving lectures about the group; and conducting economic, educational, sociocultural, or artistic activities on behalf of the group as well as any activities to develop the group.

We consider the government's action in banning al-Arqam normal because the movement will threaten Islam if it is allowed to grow. The movement will become a major group if it is allowed to operate independently. If people begin to believe in its teachings, it will be very difficult to ask them to return to the correct path. The experience of other Islamic nations shows that movements that start out as religious groups eventually become major groups that threaten national security when the government finds their teachings to be erroneous or against normal practice. Such experience should serve as a lesson for us in enhancing the maintenance of our national security, especially because our nation is pluralistic and any group that deviates from the Islamic mainstream is dangerous.

To deal with al-Arqam's followers, the government must advise them to return to the correct path and educate the general public on the matter through Friday prayer sessions, religious lectures, newsletters, and books. A comprehensive information campaign should be launched to inform people about the truth of al-Arqam's teachings. The information campaign should emphasize that those practicing al-Arqam's teachings could become

polytheists and in turn nullify their Islamic faith. This is because the teachings question the authenticity of the Koran and Hadith [book of the Prophet's quotations], claim that Sheikh Muhammad as-Suhaimi met the prophet, and promote the revision and amendment of the Koran. Officials in the Islamic Center and the Information Department should enter the villages to explain the truth about al-Arqam.

We hope the authorities will use various existing laws—including civil and Islamic laws—to enforce the ban on al-Arqam nationwide. The Education Act, the Societies Act, the Broadcasting Act, the Companies Act, the National Film Corporation Act, the Publication and Printing Act, and laws based on Islamic teachings are among the laws that should be used to eradicate deviation from the Islamic tenets and law.

### **Malaysian Minister Calls for Enhanced Ties**

*BK1508114794 Singapore Singapore Broadcasting Corporation in English 1100 GMT 15 Aug 94*

[Text] The Malaysian defense minister says Singapore and Malaysia should enhance defense relations by working together in the defense industry.

In an interview with SBC [Singapore Broadcasting Corporation], Mr. Najib Tun Razak said there was a great scope for cooperation and he would be discussing this with his Singapore counterpart, Dr. Lee Boon Yang. He said both countries recognized the importance of the security relations and this is evident in the joint exercises and their membership in the Five Power Defense Arrangement.

Later, addressing the Singapore Harvard Club, Mr. Najib stressed that it was of the utmost importance that the relations between Malaysia and Singapore be managed well. Mr. Najib said it seemed that one of the root problems in the relationship was that perceptions toward one another were cast out based on Malay-Chinese racial and ethnic perceptions. He said it was about time both sides moved away from such thinking and move forward in our relations based on two sovereign nations.

### **Environmental Agreement Signed With Canada**

*BK1308113394 Singapore BUSINESS TIMES in English 13-14 Aug 94 p 2*

[Text] Singapore and Canadian ties in the field of environmental technology were strengthened yesterday with the signing of an agreement to promote joint ventures in this field to tap a growing world market.

Canadian Secretary of State for the Asia-Pacific Region Raymond Chan witnessed the signing of a cooperation agreement between the Singapore Association for Environmental Companies (Safeco) and the Canadian Environment Industry Association (CEIA).

Minister of State for Environment Abdullah Tarmugi was one of the two witnesses of the agreement for Singapore. Ambassador at Large Tommy Koh was the other.



Steve Hart, president of the CIEA, said the support of trade organizations such as CIEA was important because most companies involved in environmental technology were small, niche businesses which found it hard to come out into global markets on their own.

With the support of the CIEA and Safeco, these companies would be able to find local partners to develop Canadian environmental technology to suit the needs of the region.

Mr. Chan said the move was part of Canada's strategy to develop environmental technology as a main industry within its economy, and that Canadian technology, partnered with Singapore's expertise in marketing and project management, would allow such ventures to tap the growing global market.

Singapore already has a similar agreement with Australia, signed in March this year.

Safeco chairman Edwin Khew said that further agreements were expected—with Malaysia, the US, Germany, Finland, France and the Netherlands.

Mr. Chan, on a two-day visit to Singapore, was due to hold talks with Senior Minister of State for Foreign Affairs Lim Hng Kiang, Foreign Minister S. Jayakumar, Trade and Industry Minister Yeo Cheow Tong and Senior Minister Lee Kuan Yew.

## Cambodia

### Continued Reportage on Khmer Rouge Issue

#### Khmer Rouge 'Strategy'

BK0808113594 Phnom Penh The CAMBODIA DAILY in English 5-7 Aug 94 pp 1, 2

[Article by Robert Bingham: "KR Kidnappers Take Their Orders From the Top"]

[Text] A series of abductions of westerners travelling in Cambodia—coupled with rampant rumors about threats and violence against foreigners in the country—has fueled speculation that the Khmer Rouge [KR] have recently implemented a strategy designed to make foreign powers shy away from actively supporting the Royal Government in their military campaign against the guerrilla faction.

Interviews with western analysts and government officials in recent days confirm that the recent incidents, which include the kidnapping of at least nine westerners this year, are no merely random acts of violence by guerrilla elements acting entirely independently from central command. But it also seems unlikely that the kidnappings mark the beginning of a large scale terrorism campaign.

Despite conflicting reports as to its unit size, Royal Government and UN officials agree that the Khmer Rouge combatants controlling the Phnum Voar area—

where 16 hostages are currently said to be held—are part of a larger integrated guerrilla structure.

Though in an interview conducted last week one of the more than 150 Cambodians released from the mountains indicated that the guerrillas had a retaliatory motivation vis-a-vis western aid, the train ambush was described as "business as usual" by one western military analyst.

The government echoes these sentiments with the assertion, voiced by top officials in past several weeks, that the Khmer Rouge policy is simply to "destabilize the Royal Government" in any manner.

It is clear, however, that high-ranking Khmer Rouge commanders are relaying orders concerning the hostages once they have been abducted.

The guerrillas in the mountain range have been there since the late 1980s and are commanded by Nu Pet, a Khmer Rouge commander, known locally as Ta Pet or "old man" or "grandfather" Pet. Nu Pet, according to Lt. General Nuon Vanna, a Royal Army investigator, communicates directly with Ta Mok, the one legged Khmer Rouge commander currently in the charge of much guerrilla military activity. Nuon Vanna puts the Phnum Voar guerrilla battalion 405 strength at 400 to 500 troops.

Western analysts, however, say this figure is highly exaggerated.

One UN human rights official said that government reports of the guerrilla's strength as being 400-500 men is either a mistake or a deliberate attempt by the military to spread misinformation.

Phnum Voar is said by the official to be inhabited by approximately 70 Khmer Rouge "combatants" operating under "set of instructions" from the upper echelon of the Khmer Rouge to "break up enemy lines of communication," and otherwise conduct "standard guerrilla activity."

A man known as Ta Bet, a former under secretary of the southwestern zone during the Khmer Rouge reign and currently a commander of operations in the Chhuk District, is Nu Pet's direct superior, western analysts agree.

As the Phnum Voar-based guerrillas regularly engage in banditry and small scale military activity, clearance for the July 26 train ambush would not in all likelihood come from higher Khmer Rouge channels. However, once western hostages entered the picture, the Phnum Voar combatants would "send messages and wait for instructions" from higher ranking guerrilla leaders, according to the UN official.

The Phnum Voar troops are said to possess electrical power sources and communication equipment that would enable them to stay in contact with the Khmer Rouge command. Nuon Vanna claimed the guerrillas on



Phnum Voar traded up in the late 1980's from Chinese made radio transceivers to the more sophisticated Japanese made Kenwood 725 series radio transceiver, purchased through Thailand.

Meanwhile, a government press release said yesterday that medicine—"analgesic, anti-malaria and anti-biotic medicine"—had been sent to Australian hostage David Wilson. No confirmation that the medicine had indeed reached the Melbourne native was available yesterday.

Nuon Vanna interviewed in his office three hours before the press released was issued, said that "the Royal Government can not give clothes and medicine to the Australian man."

Though messages are being carried by "civilians" from Kompong Trach and the neighboring Dang Tong and Chhuk districts—many of whom cut wood and "creeper vines" in Phnum Voar—the guerrilla's have "cut off any direct supply to the hostages," Nuon Vanna.

One of the 20 to 30 Kampot Province military and police officials working on the case disguised himself as a wood cutter and is responsible for obtaining the tapes and photographs the Ministry of Information released to the press Wednesday, according to the Lt. General.

#### Radio Assails Vietnam

*BK1608103094 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 15 Aug 94*

[Station editorial: "The policy of the United States, Australia, and France to cooperate with communist Vietnam in continuing the war against Democratic Kampuchea and the Cambodian people is an ignorant policy that kills those who implement it and only benefits communist Vietnam"]

[Text] Various observers have noted that the policy of the United States, Australia, and France—the ring-leaders of the villainous alliance—is a very ignorant policy that benefits no one except communist Vietnam. In any event, there is no way to fight the people and Democratic Kampuchea. The people are clearly aware that Democratic Kampuchea is a resistance force that loves the nation and people and shares its life with the nation and people. Therefore, attacking Democratic Kampuchea is akin to attacking the entire Cambodian nation and people.

Now there is a Provisional Government of National Union and National Salvation [PGNUNS] that is led by intellectuals; for example, Khieu Samphan, Professor Dr. Chuon Choeun, and Chan Youran. The Cambodian nation and people have already acknowledged and admired the spirit of these leaders and their patriotic activities in fighting the communist Vietnamese and defending the nation and race. The Cambodian nation and people have also acknowledged and are satisfied

with the PGNUNS leadership, all of whom are high-caliber intellectuals. These leaders are patriotic and clean; they are competent and qualified to manage state affairs and look after the interests of the nation and people. In addition, the PGNUNS leadership adheres to a policy of peace, neutrality, and a market economy and maintains relations with all countries the world over.

This is why observers ask how the alliance benefits by cooperating with communist Vietnam to attack Democratic Kampuchea. Observers say: Do these people not know that war means death? They start to make noise like dogs only when they are dying. Why do they not let Cambodians reconcile among themselves and allow Cambodia to regain peace? This would benefit everyone. Cambodia would benefit by having peace and security and being able to rebuild. The countries in the region would also have peace, and this would benefit the alliance in Cambodia and in the region. As for Vietnam, it is communist and socialist; it has no interest in kowtowing to the West. The alliance gains only death by cooperating with Vietnam to attack Democratic Kampuchea, while communist Vietnam reaps the benefits. The alliance provides money and materiel to the two-headed government to attack Democratic Kampuchea and the Cambodian people and make Cambodians fight against Cambodians, while communist Vietnam takes the opportunity to send more Vietnamese nationals—as many as 5, 6, or 7 million—to annex Cambodia. Now communist Vietnam is pursuing a new geographic idea; namely, that Indochina belongs to Vietnam. Vietnam threatens Southeast Asia at will, particularly through pressure, subversion, and the infiltration of Communist Party of Vietnam agents and Vietnamese nationals into Southeast Asian countries to destabilize the region.

Observers say the alliance should think about this. The defeats at Anlung Veng, Pailin, and so on provide clear evidence that there is no way to attack Democratic Kampuchea and the Cambodian people. The Cambodian nation and people are uniting around the PGNUNS to struggle by every means—particularly by waging a popular guerrilla war—to attack the invading forces efficiently. Furthermore, the people are implementing measures almost everywhere to cut off the two-headed government's supply of troops. The two-headed government has no troops left to fight. The alliance should stop fueling communist Vietnam's war and let Cambodians carry out national reconciliation.

#### Khmer Rouge Sets Conditions

*BK1508132194 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 15 Aug 94*

["Report from the People Concerning the Three Foreigners in Kampot"]

[Text] The radio of the Provisional Government of National Union and National Salvation has received a message from Kampot. Here is the message:

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A report from the people concerning the three foreigners in Kampot:

There is a report from Kampot saying that people in Kon Sat village in Kbal Romeas commune have news concerning the three foreigners who disappeared in Kampot in early August 1994. The people in Kon Sat village in Kbal Romeas commune have received news that the three foreigners are still alive and that the three will be safely returned when:

1. The families of the three foreigners ask their respective governments to stop giving any military aid to the two-headed government, the lackey of communist Vietnam. Such action will contribute to preventing the communist Vietnamese aggressors' war from being prolonged and causing continual deaths among the Cambodian people.

2. The governments of the three foreigners stop providing any military aid to the two-headed government, the lackey of communist Vietnam. Such action will contribute to immediately ending the communist Vietnamese' war, promote cooperation on swiftly bringing about peace in Cambodia, and contribute to ending the endless suffering and great destruction of the Cambodian nation and people.

The report also says that if the families of the three foreigners and their three governments agree to the sacred request to end the war and rebuild peace in Cambodia—this is also the request of peace-loving countries and people the world over—then the problem can be resolved immediately.

The report adds that in view of the weather conditions in the rainy season, in view of the on-going battlefield situation, and particularly in view of the fact that the two-headed government, at the order of communist Vietnam and the alliance, still persists in moving thousands of troops to invade the area, a schedule for quickly solving this problem ought to be set within 15 days—within these 15 days: 15 August 1994 to 30 August 1994:

1. The ambassadors of the three respective countries accredited in Phnom Penh shall publicly and openly declare, on behalf of their governments, that they are halting the provision of military aid to the two-headed government now and for the future.

Furthermore, all military personnel who have been dispatched to assist the two-headed government should be withdrawn.

2. There are channels for exchanging messages officially declaring the end of military aid for the safe return of the three foreigners.

The report further says that, should any government want to solve this problem quickly before other issues, this can be done immediately if the above guidelines are followed.

Furthermore, intermediaries are ready to carry this out immediately.

This is the essence of the report conveyed by the people in Kon Sat village, Kbal Romeas commune.

### Seven Militia Reportedly Dead

*BK1508134094 Hong Kong AFP in English 1330 GMT 15 Aug 94*

[Text] Aranyaprathet, Thailand, Aug 15 (AFP)—Some 100 Khmer Rouge guerrillas burned down 30 homes and killed seven militia early Monday as their forces neared the Thai-Cambodian border, Cambodian military officials said.

The guerrillas struck at Ban Nimit, 10 kilometers (six miles) northeast of here, a Cambodian Government officer told AFP. They overran that village and two others, burning homes and killing some of the local militia in the process, he said.

At sunrise, a government artillery unit stationed in Ban Nimit opened fire with 152 mm artillery for two hours, retaking all three villages, he said.

Meanwhile, Cambodian troops reported that other Khmer Rouge guerrillas were building a large force 15 kilometers (nine miles) south of the bordertown of Poipet, which lies directly opposite here.

The guerrillas have sporadically shelled Poipet market in recent months, occasionally reducing the bustling center of cross-border trade to a ghost town.

### Communique Views Phnom Penh Troop Conscription

*BK1608050694 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 15 Aug 94*

[Press communique of the Secretariat of the Provisional Government of National Union and National Salvation dated 15 August; place not given—read by announcer]

[Text] I. On Monday, 15 August 1994, the cabinet of the Provisional Government of National Union and National Salvation [PGNUNS] held its weekly meeting under the chairmanship of His Excellency [H.E.] Khieu Samphan, prime minister and minister of the national army, and with the participation of all cabinet members.

II. The cabinet heard each ministry present reports on the results of the struggle of our nation and people in their respective area, all aspects of the current situation, and the political aims to be publicized to our nation and people.

III. From the reports, the cabinet clearly noted that the entire Cambodian nation and people living in the countryside, in Phnom Penh, and abroad joyfully welcomed and arduously took part in launching activities in line

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with the political objectives set and publicized successively by the PGNUNS. These activities have enabled the national salvation struggle of our Cambodian nation and people to take another important step in a qualitative advance in all aspects.

As a matter of fact, our entire Cambodian nation and people, particularly the peasants in the countryside, have been striving in line with the slogan to avoid troop conscription by the two-headed government, so as to quickly end the aggressor communist Vietnamese war.

The peasants have carried out all sorts of activities to avoid being conscripted by the two-headed elements.

A. They have used simple weapons, such as punji stakes, crossbows, trap, and so forth to defend their villages and communes.

B. Hundreds and thousands of the peasants have dug holes in roads to hinder the two-headed elements from carrying out their suppressive operations.

C. They flee to avoid being conscripted as soldiers and militiamen.

D. If some of them were forcibly conscripted, the people would urge them to return home.

E. Those conscripted have been fleeing or turning their guns on their evil commanders.

IV. The cabinet observed that with the effective implementation of guerrilla warfare and people's war:

A. Our people have been able to protect their homes and villages and prevent the two-headed elements from conscripting them as soldiers and militiamen at will.

B. Therefore, the two-headed elements are short of troops. Their troops, and those from the communist Vietnamese puppets and U.S. puppet para groups, have deserted and are deserting their ranks in complete units. The two-headed elements are therefore suffering more troop shortages on all battlefields.

Communist Vietnam, the Western alliance of villains, and two-headed elements who advocate the use of military means to solve all their acute difficulties and hardship are in a complete predicament.

The critical situation of the two-headed elements has deteriorated further. There is no other way for them to remedy this situation if they do not turn to peaceful means.

What reflects their serious dilemma is primarily their insecurity everywhere. Our entire Cambodian nation and people and the international community clearly hold that the two-headed elements are incapable and extremely fascist, cruel, and corrupt. Widespread robbery and banditry have all been committed nationwide by their soldiers and policemen. They been able to survive until today only because of the help of communist Vietnam and the Western alliance of villains. They have done everything just to serve the communist Vietnamese and the Western alliance of villains to betray the Cambodian nation and people.

The national and international public have clearly seen the all-round predicament the two-headed elements face and have continued to expose it. Some Western countries have even declared that they will not give military aid to the two-headed elements.

Due to the opposition of our entire Cambodian nation and people together and countries in this region and elsewhere and particularly because the two-headed elements are extremely corrupt and short of troops, the plan to provide the two-headed elements with military aid from the United States, France, and Australia is facing more serious problems.

V. In this situation, the cabinet has advised each ministry and the provincial, district, commune, and village committees nationwide to jointly work with all our people, particularly peasants in the countryside, to more effectively implement the political guidelines in line with the spirit of the appeal of H.E. Khieu Samphan, prime minister and minister of the national army, and the successive statements of each ministry issued for the information of our nation and people.

All of this is for our entire nation and people, particularly the peasants in the countryside, to join hands to wage a more intensive guerrilla and people's war, more effectively, correctly, and expansively to completely prevent the two-headed elements from recruiting soldiers and militiamen to conduct war. This is to quickly end the aggressor communist Vietnamese's war, realize national reconciliation and unity, and establish a genuine national government with the participation of all national forces from all political tendencies.

Only by so doing can there be enough national forces for jointly proceeding toward settling the national and social problems.

[Dated] 15 August 1994

[Signed] The Secretariat of the PGNUNS Cabinet

#### **KR: End Foreign Military Aid to Government**

*LD1608090594 Melbourne Radio Australia in English  
0800 GMT 16 Aug 94*

[Text] The Khmer Rouge [KR] has now explicitly demanded the end of Australian and Western military aid to the Cambodian Government in exchange for the release of three foreign hostages. The three—an Australian, a Briton, and a Frenchman—were seized late last month in southern Cambodia. Evan Williams reports from Phnom Penh that Khmer Rouge radio has set a deadline demanding that governments publicly declare an end to such support by the end of this month.

[Williams] The Khmer Rouge has now firmly linked the fate of the hostages to its calls for an end to Western military support for the Cambodian Government. Khmer Rouge radio says the three will be returned safely when their families ask their governments to end military aid and when those governments stop providing that



support. It says due to the government's military build-up in the area, Australia, France, and Britain have until 30 August to publicly declare an end to military aid and the withdrawal of foreign military advisors. Then the three foreigners will be released, it says.

The broadcast dramatically deepens the crisis to one of [word indistinct] policy, so a cash ransom might still get them released.

### Seminar Participants Given Army Building Tips

BK1508033294 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT  
14 Aug 94

[Speech by Prince Norodom Ranariddh, first prime minister and co-commander in chief of the Khmer Royal Armed Forces, at 13 August closing of the Defense Ministry's army restructuring seminar—recorded]

[Excerpt] [Passage omitted] Our people, as well as national and international public, are seeing more clearly the atrocities and stubbornness of the Khmer Rouge who are attempting to perpetuate the war and the misery and suffering of our Cambodian people. The recent resolution adopted by the eminent members of our National Assembly to outlaw this so-called Democratic Kampuchea group and its armed forces has won the vigorous support of our people and those around the world. This is a most correct decision originating from the earnest aspiration of the people whose wish is to live in peace, freedom, and genuine democracy. This decision is also supported by the peoples of the world because of their utter dislike for the very ignorant and somber genocidal Khmer Rouge regime.

Of course, our country is in a state of both war and peace, and we still face many difficulties, especially economic, social, and livelihood problems. Nevertheless, our armed forces and police and our people are rallying around the Royal Government. They are striving to overcome hardship with a high sense of righteousness to bring back normal communal life, in terms of livelihood and the running of national society. Recently, our National Assembly passed the Investment Law allowing foreign investors to take part in the efforts to rehabilitate and develop our country's economy and gradually improve the living conditions of our people.

Samdech, excellencies, and beloved seminar members: As our seminar has already agreed, the struggle between us and the Khmer Rouge continues to be complex and relentless because the latter has not given up their aim of toppling our government through military means. They continue to build up forces, including frontal-attack and guerrilla, for a protracted guerrilla war in defense of their so-called liberated zones and to gain more disputed areas. They wage a war of attrition against our forces, pressuring the administration in a number of remote areas and intensifying their crimes and murders against innocent people, destroying our public achievements

and property such as communications lines in addition to their acts of banditry and terrorism and their psychological warfare to entice, win over, or intimidate the people and create insecurity in populated areas and inside the national community.

Samdech, excellencies, and beloved seminar members, after thorough discussions and consultations, our seminar has already agreed that it is necessary for us to rebuild our Khmer Royal Armed Forces [KRAF] as quickly as possible. We must concentrate our attention and resources on a number of major tasks as follows:

1. We must focus on training our armed forces so that they become genuinely patriotic and courageous enough to make all kinds of sacrifices to defend our country, religion, and beloved king. All officers, non-commissioned officers, and privates must not have any more illusions about the Khmer Rouge. Both their political wing and armed forces have already been outlawed by the National Assembly. Our officers and men should be inculcated with a clear understanding of how to act toward the Khmer Rouge.

At the same time, we must maintain the view that the KRAF is the army of the Royal Government, that it is resolute in defending the government, serving the government's policy alone and not of any political party or group. We must see to it that our army stays close to the people, that it respects and loves them, and wins their affection, sympathy, trust, and support. At the same time, we must overcome the lack of discipline in the army, its violation of state laws and encroachment of the interests of the nation and people, as well its tarnished identity and prestige.

2. We must clearly understand the current politico-economic situation of the country and uphold the interest of the nation. In particular, we must clearly understand and agree with the common principle of restructuring and consolidating the KRAF. The restructure of officer grades and ranks must be considered a key question requiring consensus and great determination. It must be done step by step. To gradually consolidate the qualities of the officers, their fighting capability, and their expertise so as to stabilize their daily work and increase their fighting and work capability; in order to build a strong, well-equipped and a fully outfitted KRAF capable of defending their zones and the motherland's territorial integrity; we must overcome the view that this restructure is being conducted merely to please foreign countries in order to secure aid and to desert our comrades-in-arms with whom we have shared weal and woe in work as well as the long, common struggle. This is a most improper view. We must understand that to achieve something that helps bring about development and prosperity for the country we must not be afraid to make sacrifices.

3. We must promote and organize good army training programs to upgrade combat capacity. We can do this by focussing on the consolidation of the instructing body



and drawing up training programs that would cope with the combat tactics used by the rebels, thus allowing our KRAF to have all the necessary fighting capabilities and a combat readiness to defend their zones and the motherland. We must organize, train, and consolidate the ability of the forces and specialized army units, turning them into important support forces for our regular troops.

4. We must clearly understand the role and tasks of the regional forces and militia. The regional forces constitute a source from which to draw men for the national forces. They are the interventionist, auxiliary forces that will assist the regular troops when the need arises at the command of the KRAF General Staff [passage indistinct].

#### **Ranariddh, Hun Sen Chair Cabinet Meeting**

*BK1608064494 Phnom Penh National Radio of Cambodia Network in Cambodian 0500 GMT  
16 Aug 94*

[Text] The cabinet of the Kingdom of Cambodia [KoC] held its plenary session this morning to review the bills on the lawyers' statute and on the arrangement and functioning of the Supreme Council of Judges.

The session was chaired by Prince Krompreah Norodom Ranariddh and Samdech Hun Sen, first and second prime ministers of the KoC.

#### **Planning Minister, IMF Official Discuss Loan**

*BK1608100094 Phnom Penh National Radio of Cambodia Network in Cambodian 0500 GMT  
13 Aug 94*

[Text] His Excellency [H.E.] Planning Minister Chea Chanto met at the Planning Ministry recently with (Owen Evans), director of the IMF's Central Asia [as heard] Department. The meeting focused on the IMF's plan to loan \$120 million to Cambodia for economic development in the country. The IMF plans to loan the \$120 million to Cambodia over a period of three years, providing \$20 million every six months. The IMF previously loaned Cambodia \$20 million in May 1994.

(Owen Evans) said the loan is meant to assist in Cambodia's reconstruction. (Owen Evans) also handed over documents to H.E. Chea Chanto relating to the Royal Government's overall national economic plan, such as the policies on taxation, finance, economic reform, administrative reform, state enterprise reform, balanced budget, foreign aid, and so on. (Owen Evans) also wanted to know about the activities Cambodia has undertaken during the first six months of 1994.

H.E. Chea Chanto informed the IMF that the Royal Government has made efforts to carry out economic and social rehabilitation. In particular, since the establishment of the Royal Government, Cambodia has done a lot by maintaining macroeconomic stability and the

stability of the riel, ensuring popular confidence in the riel, and reducing inflation by 5 percent. H.E. Chea Chanto also talked about Cambodia's Investment Law, which was recently passed by the National Assembly. He also talked about efforts to bring about administrative reform; the plan to rehabilitate infrastructure damaged during the war, such as roads, the reestablishment of telecommunications, electricity, water, waterworks, and so on; and the integration of Cambodia's economy into the world.

#### **Radio Carries Investment Law**

*BK1508153494 Phnom Penh National Radio of Cambodia Network in Cambodian 0200 GMT  
15 Aug 94*

[“Investment Law of the Kingdom of Cambodia” passed by the National Assembly in Phnom Penh on 4 August]

#### **[Text]Chapter I: General Provisions**

Article 1. This law covers all investments within the territory of the Kingdom of Cambodia, either by Cambodian or foreign investors.

Article 2. All investors, whether physical or juristic persons, are subject to this law. **Chapter II: The Cambodian Development Council [CDC]**

Article 3. The CDC is the competent organization and the sole body in charge of rehabilitation and development as well as investment.

The CDC is the Royal Government agency responsible for examining and deciding on rehabilitation and development matters and investment.

Article 4. The CDC is assisted by two committees—the Rehabilitation and Development Committee and the Cambodian Investment Committee.

Article 5. The organization and functioning of the CDC will be determined by decision [anukret]. **Chapter III: Legal Procedures for Investment**

Article 6. Investors must submit applications to the CDC for examination and decision.

Article 7. The CDC must make its answers known to investors no later than 45 days from the day it receives a correctly and adequately prepared application.

Officials who refuse to examine and give decisions to investors beyond this deadline without due cause will be punished under the law. **Chapter IV: Investment Guarantees**

Article 8. Investors will be recognized and considered equal before the law. There will be no national or racial discrimination, except for land ownership as stipulated in the Constitution of the Kingdom of Cambodia.



Article 9. The Royal Government will not resort to nationalization that affects the assets of investors in the Kingdom of Cambodia.

Article 10. The Royal Government will not control the cost of products or services provided by authorized investors.

Article 11. In light of the relevant laws and regulations established and promulgated by the National Bank of Cambodia, the Royal Government grants investors the right to purchase foreign currency through banking networks for transfer abroad in order to settle financial obligations related to their investments. These settlements include:

1. The settlement of imports and the transfer abroad of both capital and interest on outstanding loans;
2. The settlement of expenditures, services, and administrative costs;
3. The transfer of profits;
4. The return of investment capital to the country or origin as stated in Chapter VIII. **Chapter V: Investment Incentives**

Article 12. The Royal Government provides incentives to promote investment in the following major sectors:

1. Leading industries or high-tech industry;
2. Job creation;
3. Export promotion;
4. Tourism;
5. Production of agro-industrial goods and the manufacturing industry;
6. Construction of physical infrastructure and energy production;
7. Development of provinces and rural areas;
8. Environmental protection;
9. Investment in special development zones to be set up according to law.

Article 13. Incentives consist of full or partial exemption from custom duties and taxes.

Article 14. The incentives are as follows:

1. The profit tax rate is 9 percent, except for the tax rate on the exploration and exploitation of natural resources—timber, oil, minerals, gold, precious stones, and so on—which will be determined in separate legislation.
2. The profit tax can be exempted for up to eight years depending on the conditions of each investment and its priority as determined by the Royal Government by decision [anukret]. Exemption from profit tax will start from the year in which a profit is first made. Losses over five consecutive years may be used in the settlement of profit. If the profit is reinvested, it is fully exempt from tax.
3. Duties will not be levied on the sharing of investment profits regardless of whether this money is transferred abroad or shared locally.

4. Full exemption from customs duties and other duties on the import of construction materials, production means, equipment, semi-finished products, raw materials, and spare parts, provided that one of the following conditions is fulfilled:

- a. The investment aims to export a minimum of 80 percent of the total production;
- b. It is located in a special development zone specified on the CDC's development priority list;
- c. It is in the tourism industry;
- d. It is in a labor intensive industry, manufacturing industry, or [word indistinct] industry;
- e. It is in the construction of physical infrastructures or energy production.

Full tax exemption will be effective throughout the entire duration stated in the contract, or as long as the investment's accounts show that a minimum of 80 percent of the goods are exported as stated in 4(a), or for investments located in special development zones as stated in 4(b).

Apart from investments as specified in 4(a) and 4(b), full exemption from customs duties and taxes will be allowed only during the setting up and construction of enterprises, factories, and buildings; the start of the business; and the first year of production.

5. Full exemption from customs duties on export goods.  
6. Permission to bring foreigners into the Kingdom of Cambodia who are staff or administrative experts, technical personnel, specialized workers, affiliates, and those under their charge who have been given permission by the CDC, in compliance with the Immigration Law and the Labor Law.

Article 15. Permission and incentives granted by the CDC cannot be transferred or sold. **Chapter VI: Ownership and Land Use**

Article 16. In accordance with the Constitution, laws, and decisions related to ownership and land use:

1. Ownership of land used for investment purposes will be granted to investors who are physical or juristic persons of Cambodian nationality. Juristic persons of Cambodian nationality are those with a minimum of 51 percent of the total investment capital and are physical or juristic persons of Cambodian nationality. [sentence as heard]

2. Investors can use land through long leases of up to 70 years and can negotiate new leases. The use of land, including the right of land ownership, will be in accordance with the law. **Chapter VII: The Use of Labor**

Article 17. Investors in the Kingdom of Cambodia have the right to select and hire Cambodian and foreign employees freely based on the Labor Law and Immigration Law.

Article 18. Investors are allowed to hire foreign employees as stated in Article 14(6) under the following conditions:



1. The quality, competence, or expertise cannot be acquired among Cambodian citizens in the Kingdom of Cambodia. If such employees are hired, copies of passports, diplomas, and resumes should be provided.
2. Investors have an obligation to train Cambodian employees constantly and appropriately.
3. Cambodian employees should be constantly promoted to enable them to move into higher ranks.

Article 19. Foreign employees are allowed to transfer remunerations received in the Kingdom of Cambodia abroad through banking networks after taxes are deducted.

Article 20. Litigation relating to investments in the Kingdom of Cambodia concerning the rights and obligations as stated in this law can be resolved, first, by compromise through talks among the parties to the litigation; second, if the litigation cannot be resolved through compromise after two months, it can be submitted to the CDC for advice, resolved through the Kingdom of Cambodia's courts, or resolved through international legal procedures agreed upon by all parties.

Article 21. If investors want to terminate their activities in the Kingdom of Cambodia, they should give notice to the CDC through registered letters or hand-delivered letters, specifying that the messages have been duly received. These letters should be signed by the investors or by the legal representatives of the company and should state the reasons for the termination of activities.

Article 22. If liquidation is sought out of court, investors should provide the CDC with messages from their creditors and other plaintiffs and from the Economy and Finance Ministry saying that all matters have been definitively resolved before the investors are allowed to liquidate their company or enterprise officially in accordance with commercial laws.

Article 23. If investors are allowed officially to liquidate companies or enterprises, whether through the courts or out of court, investors can transfer the remaining assets abroad or use them in the Kingdom of Cambodia.

As for machinery, equipment, and materials that were imported tax-free and have been in use for less than five years, the investors must pay taxes in accordance with existing laws. **Chapter IX: Final Provisions**

Article 24. All investments that have received permission under the Investment Law of the Kingdom of Cambodia and the decision [anukret] on foreign investment of the State of Cambodia are entitled to the benefits and obligations stated in this law. This law, however, is not retroactive.

Article 25. If investors violate or fail to abide by the conditions set by the CDC, the latter has the right to revoke their rights and all or some of the benefits granted to them.

Article 26. This law is for urgent promulgation. This law has been passed by the National Assembly of the Kingdom of Cambodia on 4 August 1994 during the extraordinary session of the National Assembly's first legislature.

[Dated] Phnom Penh, 4 August 1994

[Signed] Acting National Assembly Chairman Loy Simchheang

## Indonesia

### Ulemas Council Urges Ban on al-Arqam

*BK1308162594 Jakarta Radio Republik Indonesia Network in Indonesian 1500 GMT 13 Aug 94*

[Text] The joint plenary session conducted by the leaders of the Indonesian Ulemas Council, MUI, in Jakarta tonight has unanimously called on the government to ban the teachings of al-Arqam.

The decision by the MUI plenary session, chaired by its leader Haji Hasan Basri, was similar to the decision by the officials of the council's Pekanbaru branch, who decided that al-Arqam teachings were based on fanaticism and exclusiveness that had created unrest among the people, particularly the Muslim community. The teachings were considered dangerous to national unity.

Speaking to reporters, Haji Hasan Basri said al-Arqam, which focuses its teachings on the Aurad Muhammad-iyah [sacred scriptures], deviated from the true Islamic faith.

Meanwhile, Religious Minister Tarmizi Tahir, as the head of the MUI development committee, stated that the MUI decision was not made hastily but only after much deliberation.

The decision will be forwarded expeditiously to the chief justice and the religious minister for a joint official declaration.

### Daily Views Need for Peaceful Southeast Asia

*BK1508044394 Jakarta MERDEKA in Indonesian 27 Jul 94 p 6*

[Editorial: "Southeast Asia's Security Concept"]

[Text] The concept of Southeast Asia as a region of security and stability appears to be a positive one. Situated to west of the Pacific Ocean, this strategic region, which once experienced conflicts and division because of pre-World War II colonialism, seemed at the recent ASEAN Regional Forum [ARF] on 25 July in Bangkok to begin to meet all the major conditions of becoming a zone of peace and neutrality. These conditions are an understanding of one another's equal and different interests, an acknowledgement that time is needed to reach an agreement that could lead to cooperation and harmony, and reconciliation which could in



turn transform the region into a zone of peace, neutrality, stability, and security.

The ARF forum saw ASEAN leaders including Vietnam, hold a dialogue with their partners who currently consider ASEAN as important. ASEAN's dialogue partners are the United States, Canada, Australia, New Zealand, the EU, Japan, and friendly nations such as Russia, China, Laos, and Cambodia. A variety of topics were discussed due to the huge composition of the dialogue partners. We consider as insufficient the three-hour time limit on discussions on topics such as Southeast Asian security, the Cambodian conflict, tension in the South China Sea, the problem in Myanmar [Burma], East Asian security, the North Korean issue, and finally political and security cooperation among the ARF participants.

Indonesia and a majority of its ASEAN partners saw as the most urgent the presentation of the idea of transforming the region into a neutral and peaceful zone, which is indispensable for their development, and as enshrined in the concept ZOPFAN (Zone of Peace, Freedom and Neutrality) proposed in 1971. The Cold War was still going on then. The United States maintained its physical presence with military bases in the Philippines, while the Russian fleets were berthed at Cam Ranh Bay in Vietnam. However, the Vietnam War ended in 1975 and the military bases in the Philippines came into question. The Treaty of Amity and Cooperation, a friendly pact among ASEAN member countries, came into existence, but there had been no follow-up.

The Cold War has finally ended and its results are visible. ZOPFAN was endorsed at the ASEAN foreign ministers meeting in Singapore in 1993, two years after the end of the Cold War. ZOPFAN has four main elements—procedures on ties among ASEAN governments, a political and security blueprint to neutralize external powers, and forms of cooperation between the ASEAN members and other Southeast Asian countries. [only three elements as published] It came as no surprise then that Indonesian Foreign Minister Ali Alatas said that the time has come to implement ZOPFAN in his opening speech at the ASEAN Ministerial Meeting in Bangkok. The so-called SEANWFZ [Southeast Asian Nuclear Weapons-Free Zone] concept should be a primary complement to ZOPFAN as ZOPFAN alone is not enough.

Not only is the idea of Southeast Asia as a zone of peace, freedom, and neutrality an important condition, it is also an absolute necessity if the South Pacific region wants a climate favorable [preceding word in English] for peaceful coexistence. We cannot imagine how troublesome the world will be if this region becomes unstable. Because of its oil resources, instability in the Middle East will affect developed countries, and will have a serious impact on world peace and security. But instability in Southeast Asia will be even more serious as it would undoubtedly spread everywhere—to India and Pakistan

which has the seeds of open conflict, and northward, and southward with its repercussions affecting Australia and New Zealand. For geopolitical and geoeconomic reasons, Southeast Asia has had the seeds of conflict ever since the Nusantara Empire reached its glory. In addition to that, it also has the potential of spreading conflicts. That is why this region must struggle hard to become a zone of peace, freedom, and neutrality.

#### **Police Question Labor Leader Over Rioting**

*BK1408100494 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 14 Aug 94*

[Text] The Metropolitan Medan Police are intensively investigating Mokhtar Pakpahan, chairman of the Indonesian Sejahtera Trade Union [SBSI], over the bloody labor protests that took place in Medan last April. The chief of the Republic of Indonesia Police confirmed the matter in reply to questions from reporters at the General Headquarters of the Republic of Indonesia Police in Jakarta yesterday. The police chief said the investigation of the SBSI chairman is continuing to find out the extent of his involvement in the protests, in which one businessman was killed and scores of houses, shops, and cars in the city seriously damaged.

Meanwhile, Major General Kusparmono Irsan, deputy chief for operations of the Republic of Indonesia Police, said that evidence revealed by the investigation suggested that the protests were not proper ones, having been usurped by irresponsible persons.

#### **Fraud Suspect Sentenced to 17 Years in Jail**

*OW1508133094 Tokyo KYODO in English 1249 GMT 15 Aug 94*

[Text] Jakarta, Aug. 15 KYODO—Indonesian judges Monday [15 August] sentenced the main suspect in a multimillion-dollar fraud case involving a state-owned bank to 17 years in prison.

The Central Jakarta District Court handed down the sentence against 40-year-old Eddy Tansil for his role in Indonesia's biggest corruption scandal since the era of former President Sukarno.

In the verdict, the judges found Eddy guilty of corruption, falsifying letters and documents and using a false name in conducting business purely with the aim of enriching himself.

"In the name of justice, we find the defendant guilty," Judge Sutrisno said.

"Therefore, the defendant is sentenced to 17 years' imprisonment and he must pay compensation of 500 billion rupiahs (about 230 million dollars) and he is fined 30 million rupiahs," Sutrisno said.

In addition, Eddy's assets, including property, houses, vehicles and money are confiscated for the state, which



in this case is P.T. Bank Pembangunan Indonesia (Bapindo), a state-run bank.

Prosecutors said earlier in their indictment that between 1989 and 1994, Eddy, head of the Golden Key Petrochemical Group, borrowed a total of 448,878,000 dollars in loans from Bapindo.

Investigators found irregularities in the way the loans were implemented and suspect Eddy of colluding with Bapindo insiders.

Prosecutors said he colluded with former Bapindo presidents Sjahrizal, Bambang Kuntjoro, Towil Heryoto and Subekti Ismaun, as well as Maman Suparman, former deputy chief of the Jakarta branch.

The South Jakarta District Court has already sentenced Maman Suparman to nine years in jail.

Two of the former Bapindo presidents, Towil Heryoto and Subekti Ismaun, are being tried in the same court.

Sjahrizal will go on trial on Aug. 23 at the Central Jakarta District Court, while Bambang Kuntjoro is in custody awaiting trial.

Eddy's debt, now some 620 million dollars plus interest, has brought Bapindo to the brink of bankruptcy.

After hearing the verdict, Eddy's lawyer, Gani Djemat, told reporters he will consult with his client on whether to appeal.

### **Minister Cites Growing Foreign Investment**

*BK1408100194 Jakarta Radio Republik Indonesia Network in Indonesian 1200 GMT 13 Aug 94*

[Text] The government approved U.S. \$15.4 billion worth of foreign investment from January to July this year. Sanyoto Sastrowardoyo, minister of state for investment affairs and chairman of the Investment Coordinating Board, said in Pekanbaru that, in comparison with the previous years, it was a record and proof of the growing confidence of foreign investors in the future of the Indonesian economy. However, Sanyoto said that it is not yet possible to assess the increase in the value of foreign investment following the issuance of Government Decree No. 20/1994 because the decree has been in force for only two and a half months.

### **Causes Behind Environmental Destruction Viewed**

*BK1508095594 Jakarta MERDEKA in Indonesian 12 Jul 94 p 6*

[Editorial: "The Background to the Destruction of the Environment"]

[Text] Not many people know the actual vast extent of environmental destruction and the resources which have been lost from the natural habitat. For example, last Thursday Minister of Environment Sarwono Kusumaatmaja's call for the district officials to take action against

anyone who smuggles toxic waste was considered as "a dog merely barking at a passing caravan." The press reminded the public that so far no meaningful action has been taken to instill an "effective," fitting lesson on industrialists who dispose of their industrial waste in rivers, which form the country's source of water for agriculture and sustain the biological habitat.

For instance, on 22 June 1994 a daily published in the city conducted an interview with two prominent environmentalists in Jakarta, namely, Mas Ahmad Sentosa, the executive director of the Indonesian Center for Environmental Law and his colleague, Stefanus Haryanto, on the issue of imported toxic waste. They considered that there were still difficulties in the way of solving the problem of toxic waste disposal and it seems that the issue has come to a dead end. The government's request to the respective countries responsible for the "dumping" [preceding word in English] to take back the toxic waste exported to this country did not yield any positive results.

With reference to some cases in Indonesia, it was reported that a large number of containers with dangerous toxic wastes originated from the Netherlands, Germany, Singapore and, of course, Japan. It is then obvious that, according to the Basel Convention, the countries responsible for the dumping of their industrial waste in Indonesia will have to take back their merchandise—such a method has been categorized as an illegal traffic of hazardous wastes [preceding five words in English]. According to Stefanus Haryanto, for example, should the Netherlands Government refuse to take back the dangerous toxic waste currently lying at Tanjung Priok port, then the Government of Indonesia has the right to take legal proceedings against the Netherlands Government through the International Court in accordance to the provisions of the Basel Convention.

We consider that Environment Minister Sarwono Kusumaatmaja's call for the provincial governors and district officials to take stern action against anyone who causes environmental destruction as a positive step, in spite of the Indonesian authorities sluggishness in imposing stern measures against foreign countries, which allow its exporters to export dangerous toxic waste into the country. The government's sluggishness in dealing with such an issue can affect its credibility. If environmental destruction is allowed to continue indefinitely and only "threats" are issued instead of "concrete action" against the offenders, then our ranking officials who call for such an action will be demoralized.

All along, we have been unaware that our country's environment can be negatively affected by foreign-owned industries. To cite an example, a nongovernmental organization which has emerged in Japan is responsible for the relocation of environmentally destructive industries to the developing nations. Similar organizations also exist in Europe. If that is the case, then what was the reason behind the foreign governments' silence in connection with the cases of dangerous



toxic waste exported by their citizens to our country? One of the reasons for us referring to the term "very dangerous" was, first, because it probably contained a negative connotation, that is, there could be a "collusion" between our own industrialists and the foreign exporters. Second, it looks as if we have not given full consideration to the need to conserve our country's natural environment for the future. Such an issue remains essentially as a "trust" and is handed down from one generation to another.

From the universal and philosophical point of view, it makes no difference if one is a producer of dangerous toxic wastes or an importer of such merchandise, or even if the issue is politically and economically linked, because environmental destruction is tantamount to the destruction of the ecology of the mind [preceding seven words in English]. People will have to face up to and bear a high price and our following generation will also have to pay a higher price for the progressive achievements acquired by mankind through "modern" technological advancements. The ecology and habitat that have been destroyed, including the loss of flora and fauna, are absolutely irreplaceable and not renewable [preceding word in English]. There is a philosophy regarding ecological destruction, that is, what we have presently destroyed was, in fact, our future generation's "rice bowl" and the "wall of life". In this connection, the problem should not only be solved by Sarwono Kusumaatmaja, Mas Sentosa, and his colleague, but by all of us collectively.

## Laos

### President, Delegation Leave for Vietnam

*BK1508133094 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 15 Aug 94*

[Text] At the invitation of Comrade Le Duc Anh, president of the SRV, Comrade Nouhak Phoumsavan, president of the Lao People's Democratic Republic [LPDR], and wife left Vientiane for Hanoi on a special plane today to pay an official friendship visit to the SRV, taking with them the special friendship, solidarity, and comprehensive cooperation of the multiethnic Lao people to the fraternal Vietnamese people.

Accompanying Comrade President Nouhak Phoumsavan and his wife in the LPDR official delegation on the friendship visit to the SRV were Comrade Soulivong Dalavong, minister of industry and handicrafts; Comrade Sompadit Volasan, minister of trade; Comrade Thongdam Chanthaphon, minister and chief of the Presidential Office; Comrade Phongsavat Boupha, deputy foreign affairs minister; and a number of high-ranking cadres concerned.

A splendid sending-off ceremony was officially held in honor of Comrade President Nouhak Phoumsavan at the National Assembly Hall in Vientiane. Present at the gathering were Comrade Khamtai Siphandon, prime

minister; Comrade Saman Vignaket, chairman of the National Assembly; comrade vice chairmen of the National Assembly; deputy prime ministers, ministers, chairmen of the state-owned enterprises, deputy ministers, members of the National Assembly, and a number of high-level cadres from many ministries. Comrade (Wu Sun-teu), charge d'affaires ad interim of the SRV Embassy in Laos, and several SRV Embassy personnel were also present at the send-off ceremony.

### VNA Delegation Arrives for 8-Day Visit

*BK1508110094 Vientiane KPL in English 1004 GMT 15 Aug 94*

[Text] Vientiane, August 15 (KPL)—A delegation of the VIETNAMESE NEWS AGENCY (VNA) led by its general director, Do Phuong, yesterday arrived here for an official visit to Laos for eight days.

Do Phuong is also member of the Communist Party of Vietnam Central Committee and member of the National Assembly of Vietnam.

During its visit, the delegation will call on Lao leaders, meet with officials of KHAOSAN PATHET LAO (Lao News Agency), and visit economic and cultural bases in Vientiane. The delegation will also visit Luang Prabang, a famous city of Laos for its ancient culture.

### Talks at Culture Ministry

*BK1608055494 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 16 Aug 94*

[Text] A meeting between delegations from the Khaosan Pathet Lao [KPL] News Agency and the Vietnamese News Agency [VNA] was held at the Information and Culture Ministry in Vientiane on the morning of 15 August. Attending on the Lao side were Bounteng Vongsai, deputy minister of information and culture, and Peng Phommachan, acting director of the KPL News Agency, while on the Vietnamese side was VNA Director Do Phuong, along with concerned cadres from both sides.

On this occasion, the two sides informed each other of their respective activities in information work and reviewed their cooperation for the past year. The two delegations also discussed relations and cooperation in the immediate future with a view to further strengthening, promoting, and expanding friendship, all-round cooperation, and special solidarity between the two organizations as well as the two countries.

The VNA delegation led by Director Do Phuong arrived in Laos on 14 August for eight-day friendship visit.

### Official Leaves for Visits to India, Israel

*BK1508141994 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 15 Aug 94*

[Text] Somsavat Lengsavat, foreign affairs minister of the Lao People's Democratic Republic [LPDR], and a



delegation of the LPDR Foreign Affairs Ministry left Vientiane today to pay official friendship visits to India and Israel respectively from 16 to 23 August 1994 and from 24 to 29 August 1994.

According to his scheduled itinerary on the visit to India, Somsavat Lengsavat will hold talks with H.E. Dinesh Singh, Indian external affairs minister, on 17 August 1994; pay courtesy calls on the Indian president, vice president, and prime minister; and visit many economic and cultural establishments and important ruins in New Delhi and other cities.

As for his scheduled visit to Israel, the foreign affairs minister will hold talks with the Israeli foreign minister and pay courtesy calls on the president and prime minister of Israel. The delegation will also visit some well-known economic and cultural establishments in Israel.

Seeing off the delegation at the airport were Souban Salitthilat, acting foreign affairs minister; (Shi Adhit), Indian charge d'affaires ad interim to Laos; and a number of high-ranking personnel of the LPDR Foreign Affairs Ministry.

#### **Border Ratification Notes Exchanged With PRC**

*BK1308122294 Vientiane KPL in English 0948 GMT 13 Aug 94*

[Text] Vientiane, August 13 (KPL)—The visiting deputy foreign minister of China yesterday called on Deputy Prime Minister Khamphoui Keoboulapha.

In their discussion, Khamphoui Keoboulapha, who is also president of the Committee for Planning and Cooperation, said the visit to Laos by the Chinese official would contribute to the strengthened relations of friendship and cooperation between Laos and China. The Chinese deputy foreign minister told Khamphoui Keoboulapha of the result of his talks with his Lao counterpart.

Yesterday, the Chinese deputy foreign minister signed with his Lao counterpart Phongsavat Bouppha an exchange of notes concerning the ratification of a treaty on border procedures between Laos and China, in the presence of Foreign Minister Somsavat Lengsavat and Chinese Ambassador to Laos Li Jiazhong.

The exchange of notes was in implementation of Article 30 of the treaty on border procedures signed previously between the two governments. This treaty will be effective as of the date of exchanging the notes.

The Chinese official and his delegation also visited Foreign Minister Somsavat Lengsavat on the visit. The Chinese delegation travelled to Luang Prabang yesterday and will be heading for Vietnam on August 14.

## **Thailand**

### **Official Wants Lao Refugees To Return**

*BK1608021194 Bangkok Radio Thailand Network in Thai 1200 GMT 15 Aug 94*

[Text] Reporting on the progress of the repatriation of Lao refugees, Deputy Secretary General of the National Security Council Khachatphai Burutphat said that the original plan agreed on at the meeting between Thailand, Laos, and the UNHCR in Luang Prabang in mid 1991 stated that the repatriation of Lao refugees must be completed by the end of 1994. However, progress has not been achieved in line with the plan, and there are still about 14,000 Lao refugees in Thailand.

A policy-level meeting was recently held in Thailand between Thailand, Laos, and the UNHCR. At the meeting, Thailand confirmed its plan to close down the last Lao refugee center at Ban Napho in Muang District, Nakhon Phanom Province, by the end of 1994. The three parties shared the view that the situation in Laos is peaceful and normal, and the Lao Government is preoccupied with national development projects. Under such circumstances, it is a good opportunity for the refugees to return home to take part in national development. Laos expressed its sincerity in taking back the refugees who are willing to return home. Sites have been prepared for their resettlement, and a plan set for the repatriation of 5,000 between now and September.

According to the official, the Lao leaders confirmed that they are ready to take back the refugees for national development. Those people will not be held guilty; they can enjoy a peaceful life as other people. Once back home, they will be allowed an opportunity by the Lao Government to seek resettlement in foreign countries. The UNHCR is also helping those preparing for the return as well as those who have already been back in Laos. The refugees therefore should take this opportunity and return home before the Thai Government closes down the Ban Napho center late this year, and before all projects for assistance are over.

### **Army 'Spat' With Australia Case of Hurt Pride**

*BK1608110594 Bangkok THE NATION in English 18 Aug 94 p A4*

[Editorial: "Army Spat With Australia Just a Case of Wounded Pride"]

[Text] Once again, the army leadership's delicate sensibilities have been offended. The target of the generals' fury this time, however, is not disrespectful local politicians or even Phnom Penh's shoot-from-the-mouth leaders. Rather, it is the Australian government for failing to gag local human rights activists who had raised concerns about a possible sale of Australian-made rifles to the Thai army.



A visibly miffed Army chief Gen Wimon Wongwanit said on Thursday that the army was considering slapping a ban on all purchases of Australian-made weapons because Australian rights activists had expressed fears that they may end up in the hands of Khmer Rouge guerrillas.

In response to the threat, Canberra replied that if such "peripheral grounds" were used to exclude Australian companies from bidding for Thai arms contracts, defence ties between the two countries would be reassessed.

#### Potential damage

The potential damage to Thailand of a fallout in relations with Australia is considerable. Australia's small population belies its international influence. Economically, Australia's GDP is equal to that of all six Asean states combined and diplomatically and militarily it carries more weight than a cursory glance would suggest. Some observers have even begun talking about a Jakarta-Canberra axis as being a key component of regional security in the future with Australia representing Western interests and Indonesia the Asian end.

Obviously though, whatever diplomatic sway Australia has would mean nothing if a principle was at stake. But a look at what is being argued over here would suggest that this spat is about little more than wounded pride.

What annoyed Wimon was the implication that the Thai military was a) corrupt and b) still supporting the outlawed guerrilla group.

On this point, the Australian government has quite clearly stated that it accepts Thailand's assurances that it is no longer government or military policy to aid the Khmer Rouge. Nevertheless, the army chief accused Canberra of being involved in a conspiracy with the human rights groups to tarnish Thailand's name.

Such charges would be laughable if they didn't raise disturbing questions about the military's fundamental understanding of democracy.

Justifying his threat, Gen Wimon said the allegations made by the activists "showed that Canberra can not control its people in making speeches (against Thailand). Further, the army chief made "big brother" like warnings to Thai nationals he said were working for the Australian-based groups.

Sadly, it would appear the army chief doesn't get it. Democratic governments are not supposed to control the thoughts and words of their people.

#### Developed democracies

Australian citizens, like those in other countries with developed democracies, operate under the belief that the People rule government and not vice versa. Like the human rights groups who protested the rifles bid, they

believe they have a right to question the probity of a state-owned company bidding to supply the Thai army with weapons.

Ironically, their concerns are hardly different from the reservations raised by the Thai army concerning international efforts to build up the Cambodian army and possibly supply it with lethal aid.

By historical accident, the military wields enormous influence over nearly all aspects of life in Thailand. This power imbalance is being rectified as democracy's roots slowly reach deeper into the foundations of society. Nevertheless, there is still a long way to go. Just how far can be seen when authoritarian whimsies crash into democratic ideals in the international arena.

As a highly decorated student of the art of conflict, Gen Wimon should know when to make a tactical withdrawal. Now may well be that time.

#### Army Chief's Decision on Rifle Deal Supported

*BK1508102994 Bangkok KRUNGTHEP THURAKIT in Thai 15 Aug 94 p 2*

[Editorial: "The Thai Military Leader's Assertive Attitude; the Aussies' Expensive Lesson"]

[Text] The Thai Army is planning to buy assault-rifles worth 2.4 billion baht from Australia to replace the long-used and obsolete M-16 rifles early next year. However, this issue is apparently having some impact on relations between Thailand and Australia after Army Commander General Wimon Wongwanit vented his dissatisfaction and said that the purchase plan would be canceled.

Several foreign news agencies earlier carried reports in this connection, hinting that the Thai Army intended to hand the Australian-made weapons over to the Khmer Rouge. Meanwhile, leaders of some human rights groups in Australia have said that Thai military leaders are purchasing weapons for the Khmer Rouge. Hence, it necessary for the Thai Army to state clearly in an annex to the purchase contract that the weapons will not be forwarded to the unscrupulous faction, the Khmer Rouge, and its government in exile.

We agree with General Wimon Wongwanit's reported decision to have all the plans to purchase weapons from Australia reviewed and to instruct all army units to stop purchasing all types of weapons from Australia because the Army had encountered different problems from the purchase orders made in the past. During the negotiations of the Army deals, the Australian side sometimes publicized some secret and confidential issues brought up during the bargaining process, which in turn caused damage to the Thai Army.

Problems have now emerged despite the pledge made by the Australian Government that it would support the arms manufacturers, including the manufacturer of the



assault-rifles the Thai Army plans to buy. ADI [Australian Defense Industries] Director (Ken Haris) said that his company submitted sale conditions which he believed were most favorable to the Thai Army, and that he regretted the suspension of the purchase order.

Coincidentally, Kampuchea Press, the Cambodian Government's news agency, on 11 August carried an article, entitled: "Thailand and Cambodia," citing foreign military attaches as saying that Thailand, in particular certain people in military circles, still supports the Khmer Rouge, which has been the cause of the estranged relations between Thailand and Cambodia during the past few months.

The article also noted the border problems Thailand has with its neighboring countries and attributed them to Thailand's ambitions to economically dominate its neighbors, including Cambodia. Thailand, the article said, used the policy of divide and rule to weaken Cambodia while Thai Army Commander General Wimon Wongwanit has been lobbying friendly countries not to give military assistance to Cambodia.

If General Wimon Wongwanit really ordered all Army units to review and cancel plans for the purchase of Australian weapons, such an act should be regarded as appropriate and completely reasonable. It is a retaliatory measure to defend the Thai Army's dignity.

Otherwise, countries which are doing business in Cambodia, and even the Cambodian Government itself, will keep accusing Thailand and Thai military leaders of providing military assistance to the Khmer Rouge despite the fact that Thailand has clearly proved to the international community that it is one of the countries which have been making serious efforts to bring peace back to Cambodia.

#### **Government Stance on al-Arqam Praised**

*BK1508085994 Bangkok BANGKOK POST in English  
14 Aug 94 p 4*

[Editorial: "A Correct Decision Based on Right Reason"]

[Text] The decision of the government to resist heavy pressure to ban a charismatic religious sect is a praiseworthy event. Thai and Filipino delegates to a recent ASEAN meeting of religion ministers bucked the majority and defied Malaysian demands to ban the al-Arqam Muslim group. Thailand's rejection of the call to outlaw al-Arqam was particularly important. Our country has in the past been a refuge for the sect's leader, Ashaari Muhammad. The refusal to back Kuala Lumpur's threats against al-Arqam not only is in keeping with Thailand's constitutional guarantee of freedom of religion. It is the right thing to do.

The contrast with the Thai government's cave-in on a human rights meeting during the recent ASEAN foreign ministers' meeting is stark. In that case, just two weeks

before the religion ministers met, the Chuan Likphai government forgot both its own principles and the traditional tolerance of Thailand. The al-Arqam case is bound to recover some of its lost reputation for human rights and freedoms. It was fortunate for the government that it could show its independence from questionable moves and pressure by other ASEAN leaders.

Malaysia—now joined by Singapore, Indonesia and Brunei—has banned the al-Arqam sect under its tough national security laws. Mr Ashaari's group claims 100,000 adherents in Malaysia. It has control of a large business empire, runs more than 250 schools and 48 communal "Islamic villages," and conducts charity works. The Sufi sect is often described as "mystical." Members believe a new messiah soon will appear in Uzbekistan, a former Soviet republic which borders Afghanistan. This will precede, according to the group's claim, the Last Judgment Day. The "black banner" of a new Islam will gain control of Southeast and Central Asia.

Prime Minister Mahathir Mohamed has long pressed for a ban on the group, including simple membership by any citizen. A crackdown on al-Arqam and its Malaysian members has already begun. The government has closed all the sect's schools, and forbidden use of al-Arqam's familiar logo on consumer products. Members who support the group covertly now face secret arrest and worse, under the 44-year-old Internal Security Act. Mr Mahathir took the Penang meeting and its majority vote as authorisation for the suppression. Thailand did well to avoid being tarred with the brush of collaboration in such religious intimidation.

Early in its propaganda campaign to ban al-Arqam, aides of Mr Mahathir and the state-controlled media in Kuala Lumpur levelled serious charges at Thailand. They claimed the Thai army had trained 313 members of an al-Arqam "suicide squad." They quickly backed off this absurd charge when challenged to produce a shred of evidence, but the damage was done. The sensational libel, including exact if spurious numbers, received world-wide attention; the Thai denial received little notice. In fact, the tiny al-Arqam community which resides in Chiang Mai was virtually unknown, and never had caused a speck of trouble to authorities or other citizens.

Charismatic religious sects and their leaders may seem to threaten the traditional beliefs of others. But on their own, such movements cause no harm. The laws of Thailand already prohibit acts by groups and individuals alike who threaten or break the public peace. In the event any al-Arqam member breaks the law, he can—and must—be dealt with. Until this happens, however, he has—and must have—freedom of speech, religion and belief. In places other than our ASEAN neighbours, governments might welcome the good work done by al-Arqam. In any event, in our country, freedom of expression is both guaranteed and treasured.



Clearly, there are people and groups dedicated to violence. On occasion, they use religion as their justification. Some of history's most bloody conflicts have been fought in the name of religion. The cowardly, world-wide terrorist attacks by small groups who claim to be fighting for Islam are real threats to many of our most important freedoms. Our authorities must be alert to such threats. What is clearly wrong is to attack any religion or sect on the mere basis that a few of its members are violent.

Thailand's independent stance on the al-Arqam sect has displeased four ASEAN allies. This should disappoint no one. The majority decision to ban the sect has equally displeased Thailand. ASEAN will continue to grow, develop and prosper despite this disagreement, or maybe even because of it. The government's decision to bar a human rights discussion about Timor was wrong. The decision to tolerate the unorthodox Sufi Muslim group is a step towards regaining trust in government guarantees of freedom.

#### **Clause To Reassure Foreigners on Business Law**

*BK1308104294 Bangkok BANGKOK POST in English  
13 Aug 94 p 17*

[Text] A provisional clause will be inserted to reassure foreign investors that their management control will not be affected by amendments to the Alien Business Law. According to Surakiat Sathianthai, Chairman of a subcommittee considering the changes.

His comments follow concern by the Board of Trade and the Commerce Ministry that the amendments would adversely affect foreign investors, particularly their voting rights, and would violate the framework of the General Agreement on Trade and Services (GATS).

Mr Surakiat said the subcommittee agreed on a provisional clause to reassure the investors.

The clause will specify that foreign persons with juristic status, who have been operating before the amendments will be allowed to retain their rights.

This means that any company which allows foreign investors more than 50 percent of the voting rights will be allowed to maintain that situation.

#### **Suphachai: Adjustment Fund Faces Resistance**

*BK1308111394 Bangkok BANGKOK POST in English  
13 Aug 94 p 24*

[Text] Failure of the realisation of the AFTA Adjustment Fund could lead to future unfair treatment of the affected industries, according to Deputy Prime Minister Suphachai Phanitchapak.

He said the notion of establishing an AFTA Adjustment Fund—a fund to assist local industries to compete with other ASEAN countries after the ASEAN Free Trade Area (AFTA) agreement is in place—may encounter resistance.

He noted that member countries, especially Singapore, do not see the necessity of such a fund. Singapore is a free port and the imported tax rate is 0 percent, hence Singapore trade would not suffer under the AFTA deal.

The establishment of the AFTA Adjustment Fund is in line with World Bank policy and NAFTA (North America Free Trade Area) accords.

Dr Suphachai said if other ASEAN countries disagree with the concept of the fund, then it is possible that Thailand could set up its own fund to protect Thai industries which could suffer after AFTA.

He said the Ministry of Finance is seeking financial support from the Japanese government to improve technologies for local industries to better compete within the free trade system.

He noted that for the private sector, entrepreneurs should adjust their businesses to coincide with the AFTA framework. He noted that AFTA took seven years to plan and its establishment and regulation have always been open to the public. Therefore, private sector should be able to withstand changes.

For the service sector which ASEAN would like to include in AFTA, Dr Suphachai said ASEAN has assigned Singapore to handle a study on how to support the General Agreement on Tariffs and Trade (GATT) on the service sector and lay a ground work for future free trade.

The agenda which will be discussed in Chiang Mai during the ASEAN economic minister meeting on September 21 includes the resolution of the meeting held last April in Malaysia to reduce tax on agricultural commodities. Nevertheless, he said, there are countries which are not willing to keep their agricultural commodities under the tax reduction scheme.

Dr Suphachai said it would be acceptable for ASEAN if Thailand keeps only some petrochemical products on the exclusion list. He added that the Ministry of Industry is examining certain petrochemical products which could be included in the list.

Under the ASEAN agreement on exclusions, member countries can retain tax barriers for only eight years.

Currently, Thailand maintains its petrochemical industry under normal track liberalisation.

Goods under the normal track are subject to taxes of 0-5 percent in 15 years. For goods where the taxation over 20 percent taxes will be reduced to 20 percent on year eight.

#### **Fund To Help Stop Drug Abuse in South**

*BK1508040594 Bangkok THE NATION in English 15  
Aug 94 p A5*

[Text] The Interior Ministry will allocate Bt [baht] 163.7 million to be used to stop drug abuse, especially in five southern provinces, a ministry official said yesterday.



The Interior Ministry will seek the cooperation of local government agencies to form drug abuse centres in the provinces, to be run by provincial deputy governors, the official said.

He said the Office of the Permanent Secretary for the Interior, in today's monthly ministerial meeting, will propose measures to tackle drug problems in five southern provinces.

There are two kinds of problems—the spread of drugs, especially marijuana and heroin in local areas, and the smuggling of drugs to other countries.

The official said amphetamine use is also on the rise.

He said Sungai Kolok district of Narathiwat province had recently become a major smuggling route where drugs from the north are distributed to other southern provinces like Pattani and Yala. This was revealed after police kept a close watch on drug trafficking in Songkhla's Hat Yai district.

He said most drug addicts are Muslims, fishermen, workers, prostitutes and tourists.

#### \* Senior Academic on Political Development

94SE0169A Bangkok Siam Rat in Thai 11 Jun 94 p 3

[Interview with Seksan Prasotkun, Thammasat University Dean of the Faculty of Political Science, place and date not given]

[Excerpt] [SIAM RAT] Do you believe the political situation is precarious now?

[Seksan] It is precarious because there are demands which the government has firmly refused. It has said that it will not acquiesce as long as those making the demands are using tactics which make the situation more difficult, such as conducting hunger strikes to the death and conducting protests. Therefore we say that the situation is precarious with regard to confrontations and violence.

[SIAM RAT] It is said that the situation would be made more complicated by a single drop of honey. What do you think?

[Seksan] It is not a question of honey. The basic problem for Thai politics since 1932 has been that the leadership for so many periods, whether appointed or elected, has not solved problems to the satisfaction of the people. If the people had been satisfied initially, this would not have happened. Now Mr Chalot has made a proposal. Many people may not agree with it, but at the same time the government has proposed no solution that reflects any concern or greater insight than Mr. Chalot. If I led the government and did not agree with Mr. Chalot, I would say: fine, but this way is better. Then the people listen to both sides. But the government did not say that. The government merely seized the fact that his methods were not correct here and there. It was as if the government wanted everything to stay the same. At this point

we are just observers. We feel that "they are doing too little". The leaders should propose something which would provide a way out for society. I am a dean, and many people make demands of deans. If I agree, I meet the demands. If I do not agree, I would say so, but we cannot deny them entirely because we are their leaders. To put it simply, we must regard it as our responsibility to propose solutions to problems.

[SIAM RAT] Do you mean that the leadership should compromise?

[Seksan] When it is time to be resolute, one must be resolute, and when it is time to compromise, then one must compromise. But what I am talking about is the basic role of a leader. On this point many people do not agree with Mr. Chalot, but they may feel that they do not want to defend the government either because in the last 2 years the government has not taken care of problems as it should. If people cannot decide which is better, then they are not going to say anything.

[SIAM RAT] Do you agree with Mr. Chalot's demand that politics be reformed?

[Seksan] This must be evaluated very broadly. I feel that the present political structure has weaknesses which must be corrected. In this regard I think we probably agree except for his proposal that there should be direct elections for the cabinet, governors and mayors, and as a bonus that a new constitution should be drafted by the congress, the National Assembly. Not everyone agrees. I have indicated many times that I do not agree. But I do agree that what we have now is not adequate. A great deal needs to be improved. In my opinion democracy does not just involve elections. It also includes human rights, justice under the law, the right to assembly and popular movements, all of which must be improved. If we just think of elections, which are just an allocation of power, while we still do not have a social structure or an appropriate social policy, then it is like just considering power when dealing in the stock market. We would not be interested in how the new owner of a factory treated his workers and goods. We would only be interested in who the factory owner was. This would be a mistake. Therefore I do not think we can look on elections as a complete formula. Much has to be done to pave the way. Much has to be done so that people are not allowed to use elections as a means for seeking personal gain. This I believe is the weakness of Mr. Chalot's proposal. If we try to make a sudden change, it will be like opening the stage for electioneering and playing the election game, which we have seen so many times that it is tedious. [passage omitted]

[SIAM RAT] If this is the case, what will have to be done to correct the problems at the political base?

[Seksan] I think that we should have a direct democracy at the local level which does not need political agents or representatives. I mean that it is the right of the people to run their lives in their localities. They do not have to



conform to the model under which politicians come to be candidates in various areas. It is their right to organize things initially. For example we could expand on what we have now. The role of the local assembly would be determined by the local people, and they would be given additional powers. They would have an expanded area for self-government. Others would not be allowed to get involved. I would say that this would be a better basis [for democracy]. It does more to prevent inequalities in society so that everything does not depend on how rich you are and the education of your children does not depend on your financial status. Look at the ones who are able to enter the Universities. There are no children of poor people. If politics continues like this, how can we live together?

I do not reject elections, but I think that democracy alone is not enough. There must be much more. There must be many pillars. It involves people's rights, freedom and justice. It does not matter if you are elected, you still must do what is right. It all comes back to this. Mr. Chalot proposes that a Constitution be drafted, but he does not talk about its content. He just indicates who would draft it. If a different group were drafting it, I think it would be okay. I think he is very vague. The Constitution must establish the principles by which we protect the people. Then it will be determined which laws violate the rights of the people. As for those which do not violate rights but do not allow the people to develop, this is where I do not agree with Mr Chalot. But I do not wish to defend the government. It is not just me alone. Those of us in the University tend to think alike about this. We feel very stifled because we cannot take sides. Mr. Chalot's proposals are too loose, but the government is also at fault in that it is not doing enough about these issues. If it does not agree, then it should say what would be better.

[SIAM RAT] Would you solve the problem by setting up an assembly to draft a constitution or a commission?

[Seksan] With regard to the steps for developing a new constitution, we would have to establish what was right or acceptable to society at the beginning. If there were an assembly to draft a new constitution, we would have to ask where the members came from and how they were selected. This would be the first step in bringing people to accept it. The next step would be the gist of the constitution, the principles it would embody. The concept of a constitution is like using the word "house" but not describing its appearance or form or how many rooms it had. Then the word "house" would be very abstract. A constitution is similar. If we just describe a constitution with regard to who will draft it, that is not enough. We must also say what the gist of the constitution is. The fact of its existence is an improvement and a good idea. But that is not enough. One must also say what the gist of the constitution is and make it clear. [passage omitted]

[SIAM RAT] Is the problem here one of egotism or of being too principled?

[Seksan] Everyone has principles. I would say that what we are saying here is like it was in the past when everyone was either an angel or a devil. I would say that dividing people up like this is not appropriate; it is a deception. It is like saying that one side has principles and the other side does not. I do not believe this. It is just that we have different principles. Mr. Chalot has his principles. We have reached the point where we are ready to die for ours. One should have principles one believes firmly in. It is just that the theories of Mr Chalot are classical western theories some of which many people believe do not work in Thai society. Mr. Chuan adheres to legal principles, which is another branch [of these theories]. Each group has its principles.

[Siam Rat] What should we do now to get out of this situation?

[Seksan] If we could stop them, we should. The issues have been agreed on. There is just the question of whether to set up a group to study the matter or not. It would just take one committee in the assembly. I do not understand why we have to let the blood flow whether it is on the side of the government or the protesters. I think that this issue is too small to get hurt over. We should talk about it. If there were a group or a committee to study it, there would be no need to fight over it.

[SIAM RAT] If this situation continues, will the crowds which gather get larger?

[Seksan] Those who protest against the government do it for one reason: they are not satisfied with the government. The problem is how dissatisfied are they. It may not have reached the point where they will fight over it. Or perhaps they have over other issues not related to this and are taking this opportunity to join the gatherings. It is as if the "satisfaction" from this eases the resentment. I am not sure of this. The government must ask itself. As I see it, sometimes we go to the streets not over principles or proposals but over simple things such as not liking the attitude of the government. We Thai have a certain culture. Suppose Mr. Chalot were about to die. If the government leaders adopted a tough attitude and did not watch themselves, then people might be angry. They would go out to the streets because they were angry. They would not be interested in the Constitution or the cabinet, but they would be angry. Then if the government miscalculated, they would have the justification to grow even larger because the miscalculation would affect the culture and values of the Thai people even though basically they might not agree with Mr. Chalot. One. We Thai do not like bullying. Two. We have feelings and do not like defamation. If someone should die, we would not defame him. There is a saying: if someone falls, do not step over him, and if someone dies, be at peace with him. This is our culture. Therefore if a cultural blunder is made, no matter whether it is by the protesters or the government, it will have an effect on public opinion. Whether they understand the political principles or not is another matter. [passage omitted]



## Vietnam

### Friendship Organizations Support Cuban People

*BK1508150394 Hanoi VNA in English 1438 GMT 15 Aug 94*

[Text] Hanoi VNA August 15—The Vietnam Union of Friendship Organization, the Vietnam Committee in Solidarity and Cooperation with Asian, African and Latin-American Countries have expressed their support for the Cuban state a people's measures to defend national security.

In a message today addressed to the Cuban Institute of Friendship with peoples and the Cuba-Vietnam Friendship Association, the Vietnam friendship organizations raised their voice against and demanded the US and other reactionary forces to make an immediate end to their incitement of violence and illegal departures by Cuban people with a view to causing instability in Cuba.

The message asks the US to stop at once its embargo against Cuba and respect for Cuba's independence and sovereignty and the Cuban people's right to choose the way of their own.

'Once again, the Vietnamese people express their unchanged support with and solidarity for the fraternal Cuban people and fully support the measures which the Cuban state and people are taking to defend their natal security', the message reads, adding that the Vietnamese people believe that the fraternal Cuban people will overcome the present difficulties and challenges and continue advancing in their cause of national construction and defence.

### Further on Arrival, Activities of Lao President

*BK1508154394 Hanoi VNA in English 1423 GMT 15 Aug 94*

[Text] Hanoi VNA August 15—The president of the Lao Democratic People's Republic, Nhouhak Phoumsavan, and his wife received a red-carpet welcome when they arrived here this morning for a five-day official friendship visit to Vietnam at the invitation of President Le Duc Anh and his wife.

President Le Duc Anh warmly welcomed the Vietnam visit to the Lao president and his entourage as an event of important significance in the relationship between the two countries, thus contributing to further strengthening the Vietnam-Laos fraternal friendship and all-sided cooperation.

For his part, President Nhouhak Phoumsavan expressed his firm belief that his Vietnam visit would be a good chance for the consolidation and promotion of the time-honoured traditional ties between the two countries.

President Nhouhak Phoumsavan paid a visit this afternoon to advisor to the party Central Committee Pham Van Dong.

Saying that Comrade Pham Van Dong is a very close friend and comrade of the party and people of Laos, President Nhouhak Phoumsavan highlighted his significant contributions to consolidating and fostering the special Vietnam-Laos friendship.

The Lao leader later in the day called on party advisor Vo Chi Cong who expressed his joy at the important achievements of the Lao people in their national construction.

On this occasion, President Nhouhak Phoumsavan expressed thanks to the state and party leaders and the people of Vietnam for their precious assistance to the Lao revolution and the significant contribution of advisor Vo Chi Cong in particular.

On this occasion, a delegation of the Central Committee of Vietnam-Laos Friendship Association led by its vice president, Nong Quoc Chan today met with President Nhouhak Phoumsavan who highly valued the association's activities over the past time as important factors for better understanding of the two peoples and countries and overcoming immediate difficulties to build and develop prosperous and happy countries.

This evening, President Le Duc Anh gave a banquet in honour of President Nhouhak Phoumsavan and his party. The two leaders delivered speeches at the function.

### Talks With Le Duc Anh

*BK1508154994 Hanoi VNA in English 1432 GMT 15 Aug 94*

[Text] Hanoi VNA August 15—Talks were held here this morning between Vietnamese President Le Duc Anh and his Lao counterpart, Mr. Nhouhak Phoumsavan, who arrived earlier the day for a five-day official friendship visit to Vietnam.

President Le Duc Anh welcomed the Lao state's [as received] visit as a new evidence of the traditional friendship, special solidarity and all-sided cooperation between the parties, states and peoples of Vietnam and Laos and an active contribution to the trend for cooperation among Southeast Asian countries.

The two presidents informed each other of the situations, in their respective countries as well as their countries' achievements and tasks for the coming time. They exchanged views on international and regional matters of mutual concern.

The Vietnamese and Lao state leaders rejoiced at the new achievements recorded by the people of the two countries in the renovation process, defending and building their countries, maintaining socio-political stability, improving people's life and broadening international relations.

They expressed their satisfaction at the fruitful development of the relations of comradeship and fraternity of the two parties and countries. They also discussed the



line and practical measures to step up the two countries' comprehensive cooperation qualitatively and effectively.

Exchanging views on the regional and international situations, the two presidents expressed the determination of Vietnam and Laos to actively contribute to the cause for peace and cooperation in Asia, the Pacific and other parts of the world on the basis of respect for mutual independence, sovereignty, non-interference in each other's internal affairs, cooperation, equality and mutual benefit.

The talks took place in an atmosphere of comradeship, mutual trust and understanding.

### **Chinese Journalists Visit 6-15 Aug**

*BK1608082994 Hanoi VNA in English 0744 GMT 16 Aug 94*

[Text] Hanoi VNA August 16—A delegation of the All-China Journalists' Association led by Li Tinzhi, vice chairman of the Beijing Journalists' Association and general director of the Beijing Radio and Television Service, visited Vietnam from August 6-15.

While here, the Chinese delegation paid a floral tribute to the late President Ho Chi Minh at his mausoleum and visited his home and office.

The delegation was received by Ha Hoc Hoi, deputy head of the party's Commission for Culture and Ideology.

The Chinese journalists had working sessions with Phan Quang, general secretary and other secretaries of the Vietnam Journalists' Association. They called at a number of media offices, and economic and cultural establishments in Hanoi, Ho Chi Minh City, the northern province of Hoa Binh and the Mekong Delta province of Dong Thap.

### **Germany Writes Off Part of Debt**

*BK1608083394 Hanoi VNA in English 0744 GMT 16 Aug 94*

[Text] Hanoi VNA August 16—A delegation of the Finance Ministry of Germany led by Minister of State Dr. Joachim Grunewald paid a working visit to Vietnam from August 12-16 as guest of the Ministry of Finance.

During its stay here, the German delegation had working sessions with Finance Minister Ho Te on issues of mutual concern. The two sides affirmed achievement recorded in the economic and financial cooperation between the two countries, discussed measures to promote the cooperation in the coming time. The German guests also had working sessions with officials from the State Planning Committee, the Budget Committee of the National Assembly and the Foreign Ministry.

An agreement to write off a part of debt and to relay the payment of Vietnam was signed here on August 16 by

Minister Ho Te, German Minister of State J. Grunewald and representative of the German embassy in Vietnam M. Banzhaf.

The bilateral agreement between the two governments on the treatment of Vietnam's debt to Germany is under the framework signed in Paris Club on December 14, 1993.

Under the agreement, a part of Vietnam's debt to Germany, totalling DEM [German marks] 160 million, will be written off, a part will be relayed for payment, and a part will be transferred to finance various projects for environmental protection in Vietnam.

### **Two More Oilfields To Begin Production**

*BK1508083994 Hanoi VNA in English 0641 GMT 15 Aug 94*

[Text] Hanoi VNA August 15—Two more offshore oilfields - Dai Hung (Big Bear) and Rong (Dragon) - are scheduled to be put in commercial production by the end of the year, Petro Vietnam General Director Ho Si Thoang said recently.

Both fields are contiguous to the Bach Ho (White Tiger) field, which currently is the only one in production, Thoang told reporters here.

In October, a part of the accompanying gas from the Bach Ho oilfield will be brought inland. Thoang said, and 300 million cubic metres of gas per annum is initially planned to be used for electrical generators.

Thoang also said that efforts made by Petro Vietnam and international companies have resulted in impressive gains preliminary drillings have indicated potentially big finds of oil at the northeastern area of Bach Ho oilfield. In the Thanh Long (Blue Dragon) oilfield, successful bidders are already preparing to start the first drilling, though the contracts were signed only in April this year.

This year, Vietnam expects to tap about 6.7 to 7 million tonnes of crude oil, compared with 6.3 million tonnes last year.

### **Phan Van Khai Visits Minh Hai Province**

*BK1608035594 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 14 Aug 94*

[Text] From 10-12 August, Comrade Phan Van Khai, member of the Party Central Committee Political Bureau and deputy prime minister, with the ministers and deputy ministers of agriculture and food industry, marine products, forestry, technology and environment, public health, education and training, and a group of reporters of the southern region, paid a visit to Minh Hai Province.

The delegation led by the deputy prime minister heard reports by Minh Hai provincial party committee and the people's committee on the general socioeconomic plans



from 1994 until 2010, the plan to restructure agriculture and a development plan for the Ca Mau New Economic Zone.

The central ministries and sectors hailed Minh Hai for its timely plans and contributed suggestions on how the province can develop its economy. Deputy Prime Minister Phan Van Khai hailed Minh Hai for its detailed plans which has concrete steps on how it could exploit its agriculture, forestry, fishery, and services, and thus contribute to modernization and industrialization, and prevent the country from lagging further behind others in the region.

### **Buddhist Protest Reportedly Held**

*BK1608085094 Hong Kong AFP in English 0804 GMT 16 Aug 94*

[Text] HANOI, Aug 16 (AFP)—Buddhists have staged their first demonstrations for religious freedom in Ho Chi Minh City since the former Saigon fell to the communists, according to a foreign based exile group.

But the Paris-based International Buddhist Information Bureau said the leaders of the demonstration were arrested and their whereabouts were now unknown.

The bureau said more than 100 dissidents joined monks outside the Ho Chi Minh City town hall between August 1 and August 3 demanding an end to "religious persecution."

The bureau said in a statement that protesters from the Unified Buddhist Church of Vietnam (UBCV) took part in the first such demonstrations since the communist takeover in April 1975.

Ho Chi Minh City officials denied however there had been any protests when contacted by AFP. No independent sources could confirm there was any action.

The bureau statement said: "The protest was led by Venerable Thich Giac Nguyen, superior monk of Long An pagoda in the southern province of Tra Vinh, along with nine monks and 15 lay-representatives from Buddhist organizations in Tra Vinh."

It added that "Buddhists from Saigon hastened to join the protest, but security police surrounded the demonstrators and prevented more sympathisers from joining their ranks."

"In the early hours of August 4th, security police (...) arrested all the demonstrators and took them away to an unspecified destination. The fate of Ven. Giac Nguyen and the current whereabouts of the demonstrators is unknown," said the statement.

The UBCV refuses to give in to government demands to join an officially recognised church created in 1981.

The authorities in Hanoi deny any repression of the dissident church. It denies that a UBCV supporter who

burned himself to death last month in the southern Vinh Long province had been acting out of "political motives."

### **\* 'Peaceful Evolution Plot' Cited as Danger**

*942E0082A Hanoi in Vietnamese TAP CHI QUOC PHONG TOAN DAN Jun 94 pp 10-13*

[Article by Maj. General Dao Trong Lich, Member of the CPV Central Committee and Commander of Military Region 2: "Fighting 'Peaceful Evolution' a Basic Mission of Military Region 2 Armed Forces"]

[Text] Military Region 2, a military region in the north-western part of the fatherland, occupies an important strategic position. It has an area of 65,000 square kilometers, has a 1,414 kilometer-long border (764 kilometers of which are shared with China and 630 kilometers of which are shared with the Laotian People's Republic). Its population of 5.2 million includes 40 ethnic groups. Its terrain consists primarily of forests and mountains and its population is unevenly distributed: in some places there are only 40 people per square kilometer and in other places the population density is 4,500 people per square kilometer. Especially, in the high-altitude areas, in areas deep in the interior, and in the border areas the terrain is difficult, travel by road is easily interrupted, communication is difficult, and the weather and climate are severe. There are frequent outbreaks of some dangerous diseases which we are not yet able to fully overcome. In general, the economic-social situation in the area is still underdeveloped and in many places the intellectual standard of the people is still low. The people have broad and deep tribal relations with the people on the other side of the border. The enemy can easily take advantage of those relations to divide ethnic groups, clans, and religious groups to persuade and incite people to oppose the revolution and create an element of instability so that they can carry out their "peaceful evolution" and "violent overthrow" plots in the military region. Those plots are part of the common strategic scheme of the democratic rights movement and the hostile powers opposing our country's revolution.

The strategic goal of the democratic rights movement in Vietnam is promoting political democratization and economic liberalism, in order to bring Vietnam into the orbit of capitalism and establish their governing role in Vietnam and Indochina. The implementation formula is to concentrate on achieving "peaceful evolution," combined with violent overthrow, while also threatening militarily.

The strategic method is a combined, comprehensive effort in the ideological, economic, scientific-technical, cultural, social, diplomatic, military, and espionage-intelligence spheres, but the focal points are promoting struggle in the realm of social consciousness and in the struggle between theoretical viewpoints; planting the flags of "democracy," "freedom," and "human rights";



carrying out political, ideological, and cultural infiltration; extolling Western concepts and values; and achieving a pluralism of viewpoints and political pluralism. They use economic stratagems, promote privatization and the creation of a market economy based on the economic market mechanism of the West, and create conditions for a "democratic revolution."

A noteworthy fact is that they are emphasizing the carrying out of three "secret wars." The "secret infiltration war" aims to create conditions for spontaneous development within our ranks and emphasizes closely monitoring and infiltrating the inner ranks of the Communist Party at all levels. The centers of activity are the key political organs, the information and cultural organs, and schools.

They view the "secret religious war" as an war to win a dominant position in each time period and area in the struggle to overthrow the socialist regime.

The "secret ethnic war" is aimed at the past and present hostilities among the ethnic groups, in order to incite enmity within the ethnic groups and among the ethnic groups. It demands the separation of ethnic groups and the formation of separate autonomous zones.

Their "peaceful evolution" plot is played out in the military region with sophisticated schemes and insane, cruel acts. The incident that occurred in October 1993 in the village of Tranh Dau, Thuan Chau District, Son La Province, demonstrated that.

Taking advantage of the sometimes fanatic superstition of some people, the reactionaries on the outside and bad local people have formed a close alliance to deceive and mesmerize the masses, create a reactionary organization, gradually organize and develop forces, carry out propaganda to influence, incite, and divide the clans and tribes, and control and render ineffective the local party and administration echelons, in order to, when the opportunity arises and conditions permit, carry out their political design.

Their principal operational schemes are:

- Spreading disinformation and distorted propaganda, putting supporters in place, and planting their flag.
- Choosing selected people to join "associations." Actively preparing the necessary material bases by means of superstitious schemes which result in the people being mesmerized and easily being deceived and dominated, combining superstition with force, and combining persuasion with threats. Gradually perfecting the organizations under the management of lackeys hiding under superstitious forms (the Emperor, God, etc.). Propagandizing to incite families, clans, and local administrations. When they are exposed, they have a plan ready to cope with the government and are prepared to liquidate, slaughter, and purge one another to silence informers and suppress the masses.

The incident at Tranh Dau village was a typical incident in the military region. But in a number of other places there are taking place surreptitious propaganda activities to incite the masses and rally forces to attack us. The enemy may take advantage of phenomena that arise spontaneously from the masses, such as superstition, disputes over land, contradictions within the clan, and weaknesses and shortcomings of local party organizations, administrations, and mass organizations to make contacts, distort, incite, divide, and oppose. At the same time, other elements are seeking ways to infiltrate, make contacts, and create infrastructures in the interior. They are encroaching upon land and residential areas, nibbling on the border, etc., to destabilize social order and safety, and are directly threatening the peaceful life and livelihood of the ethnic minority people.

Therefore, the struggle against "peaceful evolution" is a mission of primary importance of the Military Region's armed forces in the present situation.

In order to fulfill those missions well, first of all the Military Region must enable the people and armed forces in the Military Region to clearly understand the enemy's plots and schemes. On that basis we must create a battlefield deployment of national defense by all the people, in close combination with the people's security battlefield deployment, improve the quality of the armed forces, and victoriously fulfill the mission of defending the security, sovereignty, and territorial integrity of the fatherland, defending the people, defending the Party, and defending the regime, stop and defeat all "peaceful evolution" and "violent overthrow" plots and schemes, and be prepared to cope with the aggressive war scenarios that could occur.

There must be coordination among the forces in the area in drafting plans to deal with developments when trouble or violence occur. There must also be uniformity in managing the border to prevent infiltration by the enemy.

There must be coordination among the army, the public security police, and the border defense troops to create solidarity, unity, and mutual support, and bring into play their combined strength to victoriously fulfill the national defense and security missions in each area, serve as the hard core in developing the strength of national defense by all the people and people's security, maintain the political-social stability, and serve the great undertaking of renovating and building the nation.

The forces coordinate closely and work together in grasping the enemy's situation and assessing the situation, and inform one another so that they can discuss and study plans to deal with the situation. We must implement the mechanism of the Party leading, the political administration managing, and the command organ serving as the staff, in which the army and the public security police serve as the hard core and exercise unified command of the forces under their control. The system



of regular weekly and monthly, as well as ad hoc meetings, is tightly maintained to evaluate the situation vis-a-vis security and national defense, under the chairmanship of the party secretary or chairman.

Unexpected, important incidents must be reported so that joint action can be taken to cope with them promptly. The army must report to the public security police information relevant to army security and information it obtains that is relevant to political security and social order and safety. The public security police must report to the army situations regarding political security and social order and safety, and information relevant to army security.

The armed forces in the military region, especially militia, self-defense forces, and local troops must always be the direct hard core in carrying out plans, raising political vigilance among the people, and strengthening the political bases of the movements. This is in order to build villages, hamlets, units, and organs that are secure in all respects and are capable of guaranteeing political security at the local level and of uncovering, and participating in the struggle against, the "peaceful transformation plots and schemes of the hostile powers that violate the sovereignty of the nation's borders.

With regard to areas that are complicated politically and socially, and key security-national defense areas, such as municipalities, cities, the border areas, areas with many ethnic people and religious adherents, areas with urgent problems, etc., the army, public security police, and border defense forces must, depending on their functions and missions, have a plan to grasp the situation and achieve a division of labor to carry out each specific task. The coordination plans must be specific and clearly define the responsibilities, missions, and spheres of coordination, and assign tasks in coordinated command. With regard to specific problems, the leadership and command of units there must take the initiative in resolving them, depending on which force is responsible.

Under the leadership of the local party committee echelons and administrations, the army forces play a staff role in creating a battlefield deployment of national defense by all the people. The public security forces play the hard core staff role in creating a people's security battlefield deployment and drafting plans to ensure security and order in the locality. The border defense troops play the staff role of coordinating the local armed forces against border violations and encroachments on land and residential areas.

In the coordination process it is necessary to grasp the general principle that the sector in charge of a certain matter must take the initiative in proposing specific contents regarding coordination in that matter. When an incident occurs, it is necessary first of all to work together in calmly analyzing the situation and isolating the reasons, then determine appropriate methods to deal with the problem.

However, a basic point is that everyone must be enabled to realize the dangerous plots and schemes of the hostile powers, especially in distant, remote ethnic minority areas. The people of the ethnic groups believe very much in the party and state. But because their educational level is still low, their material lives and morale are deficient, and in many places there are no information and press facilities, many stands and policies of the party and state seldom reach the people. Meanwhile, the enemy are trying to distort the situation and deceive, mesmerize, and poison the people. In some localities in Lao Cai, bad people have spread rumors that the "golden king" has gone to the west and anyone who does not go to the west will be punished! They spread religion in nearly all districts in the province, which has resulted in the custom of ancestor worship being abandoned in some places. Profound contradictions have arisen within the ethnic minority groups and between religious adherents and people with no religion. Some families have had to move to other areas to earn a living and their living conditions have become increasingly difficult. A matter worthy of concern there is that that situation has even reached the ranks of some local cadres, such as party secretaries and chairmen, public security police, the village and hamlet women's associations, etc. Here it must be affirmed that freedom of religion and freedom not to have a religion are rights of all citizens and are protected by state laws, but some people have taken advantage of the people's religious beliefs to mesmerize, poison, incite, divide, create opposition factions, cause a loss of political stability and security, and threaten the lives and property of the people. Such people are law breakers who must be strictly punished.

The actual situation recently has shown that in implementing the "peaceful evolution" plot in the mountainous military region the enemy usually focus on the local level, corrupts the local party apparatus and administration, and poisons or mesmerizes the masses so that they will carry out their schemes. Therefore, in some places the local party organizations and administrations are very weak and exist in form only. Their actual leadership, organization, and management abilities are extremely limited and they have not yet truly become pillars of support for the people. Therefore, one problem this poses is building a strong corps of local cadres who truly have good morals and ability and who become bridges connecting the party and state with the ethnic minority people. At the same time, it is necessary to consolidate and build strong militia, self-defense, and people's security forces in the hamlets and villages to serve as the hard core in maintaining order and social safety.

Recently the military region has organized many work teams to go to the villages and hamlets to propagandize, encourage the people, and build local political bases. In the process of fulfilling missions, respecting, obeying, and coordinating closely with the local party committees and administrations are always ensured, in order to contribute to developing weak bases into bases that are



strong with regard to both culture-society and security-national defense. In order to continue to fulfill that mission well, the local military organs, most directly the district and precinct echelons, must truly serve as staffs for the party committees and administrations in drafting plans for the army to participate in building up the basic level, while also being the center for coordinating the activities of the army units, the public security police, and the forces stationed in the area. Attention must be paid to permanently bolstering the guiding viewpoints and thoughts and the requirements and characteristics of the locality in order to take the initiative and adroitly grasp the situation and developments that can occur at the basic level. On that basis, they must take the initiative in coordinating and bringing into play the combined strength of all organizations and forces in the region, so that they can participate in implementation. We must build strong local party organizations and administrations, consolidate and build such mass organizations as the Youth Union, the Women's Union, the Veterans Association, etc., while winning over the village elders, hamlet chiefs, and clan heads to serve as the hard core in winning the hearts of the people, struggling against "peaceful evolution," etc., and creating a broad movement at the local and grass-roots level. We must respect the people and listen attentively to their opinions, and resolutely do whatever benefits the people. Problems that affect the people must be brought out into the open so that the people can discuss ways of resolving them. The solutions must not be imposed, for doing so would violate the people's democratic rights and stifle their creativity and self-respect. This could easily result in dissatisfaction with the party and state and create an opening the enemy could exploit. Attention must always be paid to resolving problems between the people and the party and state organs. Petitions and letters of complaint must be accepted and the legitimate aspirations of the masses must be accepted and the legitimate aspirations of the masses must be noted and reported to the competent echelon so that prompt action can be taken. Attention must be given to resolving contradictions among the people and we must rely on village elders, hamlet chiefs, and leaders in religious congregations who have the confidence of the masses to discover the reasons for the contradictions and resolve them rationally and sympathetically, in accordance with laws, and not allow the enemy to take advantage of them, incite the people, and transform internal contradictions into antagonistic contradictions.

The state must invest in building such infrastructure projects as roads, irrigation, electricity, and water for consumption, and commercial and service centers that are appropriate for the needs of economic-social development and the specific conditions of each place, tied in with the goal of stabilizing and improving living standards and maintaining security and national defense in

the ethnic minority areas. At the same time, it is necessary to raise the people's intellectual standard and develop education and public health, especially areas deep in the interior, distant areas, and border areas. That is both an urgent requirement of economic-social development of the nation and the ethnic groups and is a practical way to struggle against the "peaceful evolution" of the hostile powers.

#### **State Enterprises' Performances Reviewed**

*BK1508155794 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 12 Aug 94*

[Text] According to the latest report by the State Planning Commission, state enterprises have acquired 85 percent of the fixed assets in the area of industrial production. They have managed all large mineral ore mines throughout the country, exploited more than 60 percent of the forest areas, and controlled the majority of key production establishments belonging to the trade, agricultural production, tourism, and services sectors. However, only 40 and 30 percent of the capital used respectively for industrial production and business activities produced results while 50 percent of the land areas used for agriculture were fruitful.

Although the state has implemented policies to assist and rearrange state enterprises, 10 percent of the registered enterprises operated at a loss and 15 percent made no profit at all. Normally, the principal left intact is lower than the amount of capital invested. As a result, no favorable condition is available for the reproduction of goods.

#### **Energy Ministry To Seek Loans**

*BK1508154094 Hanoi VNA in English 1416 GMT 15 Aug 94*

[Text] Hanoi VNA August 15—Energy Minister Thai Phung Ne recently told the press that his ministry was going ahead with a project to secure loans totalling USD [U.S. dollars] 450 million from the World Bank and the Asian Development Bank to upgrade the overloaded grids in Hanoi and Ho Chi Minh City in the 1995-2000 period.

In Ho Chi Minh City, 12 out of the 15 transformer stations with capacity ranging from 66 to 110 kv [kilovolts] have exceeded their capacity. Hanoi is in the same situation, with five out of the 11-110 kv stations overworked.

In the immediate future, local power companies are urged to undertake major repairs and to seek more capital for upgrading medium and low-voltage cable systems.

Priority in funding is given to electricity projects this year and the next. Accordingly, investment capital earmarked for 110-220 kv projects and 35-20 kv networks is estimated at 3,753 billion dong (roughly USD 375 million).



**Fiji****Prime Minister Rabuka Reshuffles Cabinet***BK1608112394 Hong Kong AFP in English 1049 GMT  
16 Aug 94*

[Text] Suva, Aug 16 (AFP)—Prime Minister Sitiveni Rabuka reshuffled his cabinet Tuesday, giving back the Foreign Ministry to Filipe Bole and naming tycoon Jim Ah Koy to lead the Trade and Commerce Ministry.

Berenado Vunibobo, who had served as trade minister in an earlier government, got the finance portfolio formerly held by Paul Manueli, who was switched to the Home Affairs Ministry.

The reshuffle boosted the size of the cabinet to 17 from an earlier cutback to 12 announced after the February snap election won by the Rabuka-led Soqosoqo ni Vaka Vulewa ni Taukei party.

Rabuka said the changes would "strengthen the cabinet team and give it a better focus and a concentration needed to deal with serious problems facing the country."

The line up includes six new ministers, and three posts in the government—health, education and Fijian affairs—are now held by women.

Property and retail tycoon Ah Koy was formerly chairman of the Fiji Trade and Investment Board, a statutory body dealing with Fiji's trade promotions overseas and all applications for investment in the country.

Bole lost his portfolio after was defeated in the February election and Rabuka took over the Foreign Ministry. Later Bole was appointed to the Senate.

Opposition parties were critical of the larger cabinet coming as it did after Rabuka's election promises to restrict the cabinet's size.

"Fiji was over-governed for its size and there is no justification for 17 cabinet ministers," said Jai Jam Reddy, the main Indian opposition leader.

**Papua New Guinea****Troops Attack Rebels To Retake Copper Mine***BK1608110994 Melbourne Radio Australia in English  
0630 GMT 16 Aug 94*

[From the "International report" program]

[Text] Papua New Guinea [PNG] security forces on Bougainville have begun their long-awaited operation

to recapture the Bougainville copper mine from secessionist rebels. Our correspondent, Sean Dorney, reports that troops entered the mine early this morning.

[Begin Dorney reporting] It's four years and five months since the Bougainville Revolutionary Army [BRA] triumphantly took over the copper mine at Panguna in the (Crown Prince) Ranges of central Bougainville. PNG security forces had just been pulled off the island in disgrace. This morning, however, PNG troops moved back into Panguna. It wasn't done with the help of the Australian-supplied Iroquois helicopters. They are not operating. The PNG military hasn't been able to pay its bills to the company that's contracted to keep them serviceable, and anyway the defense force pilots are still in dispute with the Army commander over their conditions of service.

In fact, when a soldier was wounded yesterday in a clash on the west coast of Bougainville, the civilian helicopter operated by the PNG Highlands-based company, Heavy Lift, went in to get him out. The New Zealand pilot of that chopper was hit in the leg by gunfire from the rebels but while losing blood he managed to fly the helicopter up and over the copper mine and down to the provincial capital of Arawa on the east coast. He lost a deal of blood and has now been evacuated to a hospital in Cairns.

Casualties from the operation to retake Panguna are not known at this stage. Few details are, but I received a message this morning from the PNG military base at Loloho telling me operation High Speed was under way. The military officer in charge on Bougainville, Lieutenant Colonel (Jerry Singarok), has directed a three-prong attack on Panguna with troops moving in on foot through the jungle from the south and the east with a central thrust made into the mine from the northwest. Panguna has, until recently, been the headquarters of the supreme commander of the BRA, Francis Ona. His village of (Goaba) is on a ridge of above the huge open-cut mine pit. Full-scale battles have never been a feature of this war and it's unlikely the BRA would try to make a stand to defend Panguna unless they thought they could force the soldiers to retreat. A withdrawal into the mountain of those BRA forces who haven't already done that is the most likely development. However, taking Panguna and holding it could be two different things. Hit and run raids from jungle hideouts are what the rebels have excelled at. But Lt. Col. (Singarok) swears his men are not turning back and he is confident that this time they've got the upper edge. [end recording]



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